



# Auditor's Report on Audax Renovables, S.A. and Subsidiaries

(Together with the consolidated annual accounts  
and consolidated directors' report of Audax  
Renovables, S.A. and subsidiaries for the year  
ended 31 December 2023)

*(Translation from the original in Spanish. In the event of  
discrepancy, the Spanish-language version prevails.)*



KPMG Auditores, S.L.  
Pº. de la Castellana, 259 C  
28046 Madrid

## **Independent Auditor's Report on the Consolidated Annual Accounts**

*(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)*

To the shareholders of Audax Renovables, S.A.

### **REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS**

#### **Opinion**

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We have audited the consolidated annual accounts of Audax Renovables, S.A. (the "Parent") and subsidiaries (together the "Group"), which comprise the consolidated balance sheet at 31 December 2023, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and consolidated notes.

In our opinion, the accompanying consolidated annual accounts give a true and fair view, in all material respects, of the consolidated equity and consolidated financial position of the Group at 31 December 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable in Spain.

#### **Basis for Opinion**

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We conducted our audit in accordance with prevailing legislation regulating the audit of accounts in Spain. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Annual Accounts* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those regarding independence, that are relevant to our audit of the consolidated annual accounts pursuant to the legislation regulating the audit of accounts in Spain. We have not provided any non-audit services, nor have any situations or circumstances arisen which, under the aforementioned regulations, have affected the required independence such that this has been compromised.

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



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## Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the consolidated annual accounts of the current period. These matters were addressed in the context of our audit of the consolidated annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Recoverable amount of non-current property, plant and equipment, goodwill and other intangible assets

See notes 5 and 6 to the consolidated annual accounts

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>At 31 December 2023 the Group has capitalised property, plant and equipment, goodwill and other intangible assets totalling Euros 492,211 thousand, allocated to the cash-generating units (CGUs) detailed in note 5 to the consolidated annual accounts.</p> <p>Under IFRS-EU, the recoverable amount of assets must be estimated when indications of impairment have been identified. Goodwill, intangible assets with indefinite useful lives and in-process intangible assets are not amortised, but are instead tested for impairment at least on an annual basis.</p> <p>The recoverable amount of the assets allocated to the CGUs is generally calculated using methodologies based on discounted cash flows, the estimation of which requires the use of a high degree of judgement by management and the use of assumptions and estimates.</p> <p>At 31 December 2023 the Group has recognised impairment losses on these assets in an amount of Euros 2,824 thousand in the consolidated income statement.</p> <p>Due to the high level of judgement required, the uncertainty associated with these estimates and the significance of the amount of the property, plant and equipment, goodwill and other intangible assets, the recoverability thereof has been considered a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>– Evaluating the design and implementation of the key controls related to the process of estimating the recoverable amount.</li> <li>– Assessing the appropriateness of the composition of the CGUs based on our understanding of how the business is managed. Assessing the methodology and reasonableness of the assumptions used by the Group to estimate the recoverable amount using the discounted cash flow method at cash-generating unit (CGU) level, with the involvement of our valuation specialists.</li> <li>– Comparing the cash flow forecasts estimated in prior years with the actual cash flows obtained.</li> <li>– Evaluating the sensitivity of the recoverable amount to changes in certain assumptions that can be considered reasonable.</li> </ul> <p>We also assessed whether the disclosures in the consolidated annual accounts meet the requirements of the financial reporting framework applicable to the Group.</p>



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<b>Recognition of revenue from unbilled energy supplied</b> See notes 10 and 19 to the consolidated annual accounts	
<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>The Group's businesses that carry out energy supply activities must make estimates of unbilled supplies to end customers in the period between the last meter reading and the end of the reporting period. At 31 December 2023 trade and other receivables include Euros 108,542 thousand in unbilled energy supplied.</p> <p>The amount of unbilled energy supplied is estimated based on internal and external information that is compared with the readings contained in the management systems used by the businesses. Revenue is calculated by multiplying the volume of estimated unbilled consumption, a process that is subject to a high degree of uncertainty, by the tariff agreed for each customer.</p> <p>Determining unbilled energy supplied requires the use of estimates by Group management with the application of criteria, judgements and assumptions in its calculations, so the recognition of revenue from unbilled energy supplied has been considered a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>- analysing the design and implementation of the key controls related to the calculation of the unbilled energy supplied,</li> <li>- retrospectively analysing the estimates made at previous years' closes,</li> <li>- assessing the reasonableness of the volume of unbilled energy through an analysis of historical information and other internal and data,</li> <li>- evaluating whether the timing of the recognition is correct based on a selection of transactions after the reporting date.</li> </ul> <p>We also assessed whether the disclosures in the consolidated annual accounts meet the requirements of the financial reporting framework applicable to the Group.</p>

### Other Information: Consolidated Directors' Report

Other information solely comprises the 2023 consolidated directors' report, the preparation of which is the responsibility of the Parent's Directors and which does not form an integral part of the consolidated annual accounts.

Our audit opinion on the consolidated annual accounts does not encompass the consolidated directors' report. Our responsibility regarding the information contained in the consolidated directors' report is defined in the legislation regulating the audit of accounts, as follows:

- a) Determine, solely, whether the consolidated non-financial information statement and certain information included in the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration, as specified in the Spanish Audit Law, have been provided in the manner stipulated in the applicable legislation, and if not, to report on this matter.



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- b) Assess and report on the consistency of the rest of the information included in the consolidated directors' report with the consolidated annual accounts, based on knowledge of the Group obtained during the audit of the aforementioned consolidated annual accounts. Also, assess and report on whether the content and presentation of this part of the consolidated directors' report are in accordance with applicable legislation. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report them.

Based on the work carried out, as described above, we have observed that the information mentioned in section a) above has been provided in the manner stipulated in the applicable legislation, that the rest of the information contained in the consolidated directors' report is consistent with that disclosed in the consolidated annual accounts for 2023, and that the content and presentation of the report are in accordance with applicable legislation.

## **Directors' and Audit Committee's Responsibility for the Consolidated Annual Accounts**

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The Parent's Directors are responsible for the preparation of the accompanying consolidated annual accounts in such a way that they give a true and fair view of the consolidated equity, consolidated financial position and consolidated financial performance of the Group in accordance with IFRS-EU and other provisions of the financial reporting framework applicable to the Group in Spain, and for such internal control as they determine is necessary to enable the preparation of consolidated annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated annual accounts, the Parent's Directors are 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 Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Parent's audit committee is responsible for overseeing the preparation and presentation of the consolidated annual accounts.

## **Auditor's Responsibilities for the Audit of the Consolidated Annual Accounts**

Our objectives are to obtain reasonable assurance about whether the consolidated annual accounts 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 legislation regulating the audit of accounts 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 annual accounts.



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As part of an audit in accordance with prevailing legislation regulating the audit of accounts in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated annual accounts, 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 the Parent's Directors.
- Conclude on the appropriateness of the Parent's Directors' 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 annual accounts 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 annual accounts, including the disclosures, and whether the consolidated annual accounts represent the underlying transactions and events in a manner that achieves a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee of the Parent 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.

We also provide the Parent's audit committee with a statement that we have complied with the applicable ethical requirements, including those regarding independence, and to communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the audit committee of the Parent, we determine those that were of most significance in the audit of the consolidated annual accounts of the current period and which are therefore the key audit matters.

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



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## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

### **European Single Electronic Format** \_\_\_\_\_

We have examined the digital files of Audax Renovables, S.A. and its subsidiaries for 2023 in European Single Electronic Format (ESEF), which comprise the XHTML file that includes the consolidated annual accounts for the aforementioned year and the XBRL files tagged by the Company, which will form part of the annual financial report.

The Directors of Audax Renovables, S.A. are responsible for the presentation of the 2023 annual financial report in accordance with the format and mark-up requirements stipulated in Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 (hereinafter the "ESEF Regulation"). In this regard, they have incorporated the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration by means of a reference thereto in the consolidated directors' report.

Our responsibility consists of examining the digital files prepared by the Directors of the Parent, in accordance with prevailing legislation regulating the audit of accounts in Spain. This legislation requires that we plan and perform our audit procedures to determine whether the content of the consolidated annual accounts included in the aforementioned digital files fully corresponds to the consolidated annual accounts we have audited, and whether the consolidated annual accounts and the aforementioned files have been formatted and marked up, in all material respects, in accordance with the requirements of the ESEF Regulation.

In our opinion, the digital files examined fully correspond to the audited consolidated annual accounts, and these are presented and marked up, in all material respects, in accordance with the requirements of the ESEF Regulation.

### **Additional Report to the Audit Committee of the Parent** \_\_\_\_\_

The opinion expressed in this report is consistent with our additional report to the Parent's audit committee dated 27 February 2024.



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## **Contract Period**

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We were appointed as auditor of the Group by the shareholders at the ordinary general meeting on 30 June 2023 for a period of one year, from the year ended 31 December 2023.

Previously, we had been appointed for a period of one year, by consensus of the shareholders at their general meeting of 16 June 2022, and have been auditing the annual accounts since the year ended 31 December 2017.

KPMG Auditores, S.L.  
On the Spanish Official Register of  
Auditors ("ROAC") with No. S0702

*(Signed on original in Spanish)*

*This report  
corresponds to  
stamp number  
09/24/00011 issued  
by the Spanish  
Institute of  
Registered  
Auditors (ICJCE)*

On the Spanish Official Register of Auditors ("ROAC") with No. 22,472



## **RESPONSIBILITY STATEMENT FOR THE ANNUAL FINANCIAL REPORT**

### **AUDAX RENOVABLES, S.A. AND SUBSIDIARIES**



### **Annual Accounts and Directors' Report as at 31 December 2023**

The members of the Board of Directors of Audax Renovables, S.A., in compliance with article 8 of the Royal Decree 1362/2007, confirm that to the best of their knowledge the individual annual accounts and the consolidated group's annual accounts for the year ended on 31 December 2023 and drawn up on the meeting on 27 February 2024 have been prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit and loss of Audax Renovables, S.A. and of the entities included in the consolidation taken as a whole, and that the directors' report includes a fair review of the development and performance of the business and the position of Audax Renovables, S.A. and of the entities included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face, duly signed by all directors.

### **BOARD OF DIRECTORS**

Mr Francisco José Elías Navarro  
Chairman

Mr Josep Maria Echarri i Torres  
Member

Mr Ramiro Martínez-Pardo del Valle  
Member

Ms Anabel López Porta  
Member

Ms Rosa González Sans  
Member

Badalona, 27 February 2024

**AUDAX RENOVABLES, S.A  
and SUBSIDIARIES**

Consolidated Annual Accounts  
as at 31 December 2023

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**AUDAX RENOVABLES, S.A. AND SUBSIDIARIES**  
Consolidated Balance Sheet  
(EUR thousand)

**Consolidated Balance Sheet**

<u>Assets</u>	<u>Note</u>	<u>31/12/2023</u>	<u>31/12/2022</u>
Goodwill	5	137.996	137.802
Other intangible assets	5	197.951	202.035
Property, plant and equipment	6	156.264	140.012
Investments as per equity accounting	7	13.415	13.035
Financial assets	8	67,986	89,281
Deferred tax assets	18	<u>15.771</u>	<u>14.607</u>
<b>Total non-current assets</b>		<b><u>589,383</u></b>	<b><u>596,772</u></b>
Inventory		12,512	9,946
Trade and other receivables	8 and 10	254.262	304.370
Current tax assets		6,537	4,086
Financial assets	8	139,080	129,465
Time period adjustments and other current assets	10	63,203	66,242
Cash and other cash equivalents	11	<u>230,196</u>	<u>205,929</u>
<b>Total current assets</b>		<b><u>705,790</u></b>	<b><u>720,038</u></b>
<b>Total assets</b>		<b><u>1,295,173</u></b>	<b><u>1,316,810</u></b>
<u>Net Equity and Liabilities</u>	<u>Note</u>	<u>31/12/2023</u>	<u>31/12/2022</u>
Capital		44,029	44,029
Share premium account		420.316	420.316
Reserves		(335,518)	(339,066)
Treasury shares portfolio		(997)	—
Profit (loss) for the year attributable to the parent company		29,030	3,539
Translation differences		(4.061)	(8.210)
Other comprehensive income		<u>8.421</u>	<u>1.821</u>
<b>Equity attributed to the parent company</b>		<b><u>161,220</u></b>	<b><u>122,429</u></b>
Non-controlling interests		<u>12,032</u>	<u>13,344</u>
<b>Total net equity</b>	12	<b><u>173,252</u></b>	<b><u>135,773</u></b>
Provisions	13	1,498	1,340
Bonds and other negotiable securities	14	418,484	458,158
Financial liabilities to credit institutions	14	54,619	66,093
Lease liabilities	14	19,324	19,207
Derivative financial instruments	9 and 14	4	7,912
Other financial liabilities	14	32,115	34,505
Subsidies	15	4,432	4,241
Other non-current liabilities		31.160	38.630
Deferred tax liabilities	18	<u>11,403</u>	<u>15,163</u>
<b>Total non-current liabilities</b>		<b><u>573,039</u></b>	<b><u>645,249</u></b>
Provisions	13	23.930	4.745
Bonds and other negotiable securities	14	88.821	81.511
Financial liabilities to credit institutions	14	20.850	35.986
Lease liabilities	14	1.664	1.471
Derivative financial instruments	9 and 14	4,567	13,392
Other financial liabilities	14	6.005	14.859
Trade and other payables	16	246.711	241.136
Current tax liabilities		10.321	5.048
Other current liabilities	16	<u>146,013</u>	<u>137,640</u>
<b>Total current liabilities</b>		<b><u>548,882</u></b>	<b><u>535,788</u></b>
<b>Total net equity and liabilities</b>		<b><u>1,295,173</u></b>	<b><u>1,316,810</u></b>

The attached notes are an integral part of the consolidated annual accounts.

**AUDAX RENOVABLES, S.A. AND SUBSIDIARIES**  
Consolidated Income Statement  
(EUR thousand)

**Consolidated Income Statement**

	<b>Note</b>	<b>31/12/2023</b>	<b>31/12/2022</b>
Ordinary income	19	2,290,438	2,625,893
Procurement	19	(2,056,855)	(2,489,166)
Other operating income		2,717	7,090
Wages and salaries	19	(37,888)	(30,056)
Other operating expenses	19	(99,105)	(62,097)
Amortisation and depreciation	5 and 6	(21,005)	(21,849)
Impairment and profit (loss) on disposal of fixed assets	5 and 6	(3,175)	2,478
<b>Operating profit (loss)</b>		<b>75,127</b>	<b>32,293</b>
Financial income		7,587	8,651
Financial expenses		(34,588)	(32,723)
Profit (loss) on disposal and change in value of financial instruments		181	(302)
Exchange differences		(4,072)	1,702
<b>Financial profit (loss)</b>	20	<b>(30,892)</b>	<b>(22,672)</b>
Profit (loss) of companies consolidated by equity accounting	7	789	2,953
<b>Profit (loss) before tax from continuing operations</b>		<b>45,024</b>	<b>12,574</b>
Income tax expense	18	(13,644)	(4,806)
<b>Consolidated profit (loss) for the year</b>		<b>31,380</b>	<b>7,768</b>
<b>Profit (loss) attributable to the parent company</b>	12	<b>29,030</b>	<b>3,539</b>
<b>Profit (loss) attributable to non-controlling interests</b>	12	<b>2,350</b>	<b>4,229</b>
		<b>2023</b>	<b>2022</b>
<b>Profit (loss) per share</b>			
Basic	12	0.066	0.008
Diluted	12	0.066	0.008

The attached notes are an integral part of the consolidated annual accounts.

**AUDAX RENOVABLES, S.A. AND SUBSIDIARIES**  
 Consolidated Statement of Comprehensive Income  
 (EUR thousand)

**Consolidated Statement of Comprehensive Income**

	31/12/2023	31/12/2022
<b>Consolidated profit (loss) for the year</b>	<b>31,380</b>	<b>7,768</b>
<b>Other comprehensive income</b>		
<b>Items to be reclassified to profit and loss statement (net of tax)</b>		
Cash flow hedges (Note 9)	2,982	(9,359)
Profit / (loss) from valuation	(3,975)	(6,122)
Transfers to the Income Statement	6,957	(3,237)
Translation differences of financial statements of businesses abroad	4,149	(5,623)
Other comprehensive income for the year, after tax	7,131	(14,982)
<b>Total comprehensive income for the year</b>	<b>38,511</b>	<b>(7,214)</b>
Total comprehensive income attributable to the parent company	39,779	(9,820)
Total comprehensive income attributable to non-controlling interests	<b>(1,268)</b>	<b>2,606</b>

The attached notes are an integral part of the consolidated annual accounts.

**AUDAX RENOVABLES, S.A. AND SUBSIDIARIES**  
Consolidated Statement of Changes in Net Equity  
(EUR thousand)

**Consolidated Statement of Changes in Net Equity**

	Capital	Share premium account	Reserves	Treasury shares	Profit (loss) attributable to the Parent Company	Translation differences	Other Comprehensive Income	Equity attributed to Parent Company	Non-controlling interests	Net equity
<b>Balance at 01 January 2022</b>	<b>44,029</b>	<b>420,316</b>	<b>(337,191)</b>	<b>—</b>	<b>(1,720)</b>	<b>(2,587)</b>	<b>9,557</b>	<b>132,404</b>	<b>11,962</b>	<b>144,366</b>
Recognised income and expenses	—	—	—	—	3,539	(5,623)	(7,736)	(9,820)	2,606	(7,214)
Dividends	—	—	—	—	—	—	—	—	(1,224)	(1,224)
Other movements (Note 12)	—	—	(155)	—	—	—	—	(155)	—	(155)
Reserves	—	—	(1,720)	—	1,720	—	—	—	—	—
<b>Balance at 31 December 2022</b>	<b>44,029</b>	<b>420,316</b>	<b>(339,066)</b>	<b>—</b>	<b>3,539</b>	<b>(8,210)</b>	<b>1,821</b>	<b>122,429</b>	<b>13,344</b>	<b>135,773</b>
Recognised income and expenses	—	—	—	—	29,030	4,149	6,600	39,779	(1,268)	38,511
Dividends	—	—	—	—	—	—	—	—	(44)	(44)
Other movements (Note 12)	—	—	9	(997)	—	—	—	(988)	—	(988)
Reserves	—	—	3,539	—	(3,539)	—	—	—	—	—
<b>Balance at 31 December 2023</b>	<b>44,029</b>	<b>420,316</b>	<b>(335,518)</b>	<b>(997)</b>	<b>29,030</b>	<b>(4,061)</b>	<b>8,421</b>	<b>161,220</b>	<b>12,032</b>	<b>173,252</b>

The attached notes are an integral part of the consolidated annual accounts.

**AUDAX RENOVABLES, S.A. AND SUBSIDIARIES**  
Consolidated Cash Flow Statement  
(EUR thousand)

**Consolidated Cash Flow Statement**

*Cash flows from operating activities*

<b>Profit (loss) for the year before tax</b>	<b>Note</b>	<b>45,024</b>	<b>12,574</b>
<b>Adjustments to results</b>		<b>91.323</b>	<b>46.443</b>
Amortisation and depreciation	5	21.005	21.849
Valuation adjustments due to impairment	5	38.334	3.806
Changes in provisions		(2.612)	1.320
Allocation of subsidies		(259)	(251)
Profit (loss) on derecognition and disposal of fixed assets		3.175	—
Profit (loss) on derecognition and disposal of financial instruments		(181)	302
Financial income		(7.587)	(8.651)
Financial expenses		34.588	32.723
Exchange differences		4.071	(1.702)
Profit (loss) of companies consolidated by equity accounting		789	(2.953)
<b>Changes in working capital</b>		<b>47.406</b>	<b>109.953</b>
Inventorv		(2.565)	(4.869)
Accounts receivable		13.041	(1.429)
Other current assets		5.519	8.990
Accounts payable		14.290	49.019
Other current liabilities		16.925	58.242
Other non-current assets and liabilities		196	—
<b>Other cash flows from operating activities</b>		<b>(43.238)</b>	<b>(17.724)</b>
Payments of interest		(27.522)	(18.046)
Collections of interest		561	7.255
Income tax payments		(16.277)	(6.933)
<b>Cash flows from operating activities</b>		<b>140,515</b>	<b>151,246</b>

*Cash flows from investment activities*

<b>Payments of investments</b>		<b>(91.348)</b>	<b>(86.258)</b>
Intangible assets	5	(8.849)	(17.781)
Property, plant and equipment	5	(22.273)	(28.896)
Other financial assets	7	(60.226)	(39.581)
<b>Collection on divestments</b>		<b>56.410</b>	<b>42.186</b>
Group and associated companies		—	(804)
Intangible assets	5	82	1.519
Property, plant and equipment	5	365	2.159
Other financial assets	7	55.963	39.312
<b>Business unit</b>		<b>3</b>	<b>61</b>
<b>Cash flows from investment activities</b>		<b>(34,935)</b>	<b>(44,011)</b>

*Cash flows from financing activities*

<b>Collections and payments for financial liability instruments</b>		<b>(81,269)</b>	<b>(144,231)</b>
<b>Issuance</b>			
Bonds and other negotiable securities	13	137.770	242.555
Amounts owed to credit institutions	13	25.005	91.535
Payables to group companies and associates	17	4.613	44.900
Other debts		3.469	—
<b>Repayment</b>			
Bonds and other negotiable securities	13	(171.889)	(355.520)
Amounts owed to credit institutions	13	(55.174)	(110.483)
Payables to group companies and associates	17	(14.316)	(57.218)
Other debts		(10,747)	—
<b>Payments of dividends and remuneration of other financial liabilities</b>		<b>(44)</b>	<b>(1,224)</b>
Dividends		(44)	(1,224)
<b>Cash flows from financing activities</b>		<b>(81,313)</b>	<b>(145,455)</b>
<b>Net increase/decrease in cash or equivalents</b>		<b>24,267</b>	<b>(38,220)</b>
Cash and equivalents at the beginning of the year		205,929	244,149
Cash and equivalents at the end of the year		230,196	205,929

The attached notes are an integral part of the consolidated annual accounts.



**AUDAX RENOVABLES, S.A. AND SUBSIDIARIES**  
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(EUR thousand)

**Note 1 – General Information**

Audax Renovables, S.A., (hereinafter: the Parent Company, the Company or Audax Renovables) was incorporated in Barcelona on 10 July 2000 as a joint stock company for an unlimited duration.

In the year 2022 the company changed its registered address to Calle Electrónica 19 in Badalona, Barcelona, Spain, from the previous one at Calle Temple 25 in Badalona, Barcelona, Spain.

It is mainly engaged in all types of activities related to the development of electricity generation from renewable sources, for which purpose it can set up, acquire and hold shares, bonds, interests and rights in companies whose corporate objects are the development, construction and exploitation of facilities for the generation of electricity from renewable energy sources.

Moreover, the Company's objects include energy retailing, purchase and sale of electricity, including export and import, fuel retailing for energy production, natural gas retailing, CO2 emissions trading and telecommunications retailing; as well as all the necessary additional activities.

Additionally, the Company may acquire, hold, administer and dispose of all types of titles, securities, financial assets, rights, interests or shares in individual or social enterprises, on its own behalf, excluding intermediaries, and under the applicable legislation on Stock Exchange and Collective Investment Institutions.

Audax Renovables, S.A. carries out its activity outlined above as the Company's objects.

Audax Renovables, S.A. is a holding company, the parent of a Group of subsidiary companies, joint ventures and associated companies that are engaged in the generation of electricity from renewable sources and in energy and gas retailing and that make up the Audax Renovables Group (hereinafter: the Audax Renovables Group or the Group).

Moreover, the Audax Renovables Group is part of the Excelsior Group, whose parent company is Excelsior Times, S.L.U., with its registered address at Calle Electrónica 19, Badalona, Barcelona, Spain. The Excelsior Group's consolidated annual accounts for the year 2022, formulated on 31 March 2023, have been submitted to the Commercial Register in Barcelona.

The shares of Audax Renovables, S.A. are admitted to trading on the continuous market of the Spanish Stock Exchange. The annual accounts of Audax Renovables S.A. and the consolidated annual accounts of the Audax Renovables Group as at 31 December 2022 were approved by the General Meeting of Shareholders on 30 June 2023 and were submitted to the Commercial Register in Barcelona.

The consolidated annual accounts of the Group for the year 2023 were formulated by the Directors of the Parent Company on 27 February 2024 in the European Single Electronic Format in accordance with the requirements of the Commission Delegated Regulation (EU) 2019/815, and will be subject to approval at the General Meeting of Shareholders, and are expected to be approved without modification.

The figures presented in these consolidated annual accounts are stated in thousand euros, except for the figures of profit per share, unless specifically noted otherwise.

**AUDAX RENOVABLES, S.A. AND SUBSIDIARIES**  
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**Note 2 - Basis of Presentation, Accounting Policies and Valuation Standards**

**2.1 Application of International Financial Reporting Standards adopted by the European Union (IFRS-EU)**

The consolidated annual accounts of the Audax Renovables Group for the year 2023 have been drawn up by the Directors of the Parent Company in accordance with the International Financial Reporting Standards adopted by the European Union (IFRS-EU), as per the Regulations (CE) n° 1606/2002 of the European Parliament and the Council. All the accounting principles and standards and the mandatory valuation criteria, along with the Commercial Code, the Spanish Companies Act, the Stock Exchange Market Law and any other applicable commercial legislation have also been taken into consideration. The Group adopted the IFRS-EU on 31 December 2016 and applied on that date the IFRS 1 "First-time Adoption of International Financial Reporting Standards".

The consolidated annual accounts of the Audax Renovables Group have been drawn up on the basis of the financial statements of Audax Renovables, S.A. and of the companies belonging to the Group. Each company draws up its financial statements in compliance with the accounting principles of the country where it operates. The adjustments and reclassifications, which were necessary to harmonise the principles and criteria and put them in line with the IFRS-EU, have been carried out during the consolidation process. Furthermore, the accounting policies have been modified for the consolidated companies, when necessary, in order to ensure the consistency with the accounting policies adopted by the Audax Renovables Group.

The accounting policies applied for the preparation of the consolidated annual accounts coincide with those used and described in the Consolidated Annual Accounts for the year ended on 31 December 2022, except for the new IFRS-EU standards and interpretations applied from 1 January 2023.

The information set out in these consolidated annual accounts is the responsibility of the Directors of the Parent Company.

**New IFRS-EU accounting standards and IFRIC interpretations**

**a) New IFRS-EU standards**

Upon their approval, publication and entry into force on 1 January 2023, the following standards, amendments and interpretations adopted by the European Union have been applied:

<b>Standards adopted by the European Union</b>	<b>Entry into force for the fiscal years beginning on</b>	
IFRS 17 "Insurance Contracts"	New standard to replace the IFRS 4.	01 January 2023
IAS 8 (amendment) "Definition of Accounting Estimates"	New definition of accounting estimates.	01 January 2023
IAS 1 (amendment) "Disclosure of Accounting Policies"	Explains the material criteria for disclosing accounting policies.	01 January 2023
IAS 12 "Deferred Tax Related to Assets and Liabilities Arising From a Single Transaction"	Reduces the exemption from initial recognition of deferred tax assets and liabilities arising from certain single transactions.	01 January 2023
IFRS 17 (amendment) "First Application of IFRS 17 and IFRS 9, Comparison of the Information"	Transition option related to the comparative information on financial assets presented in the first application of IFRS 17.	01 January 2023
<b>Standards issued by the IASB and not yet adopted by the European Union</b>	<b>Entry into force for the fiscal years beginning on</b>	
IAS 12 (amendment) "Income Taxes: International Tax Reform of GloBE Rules (Pillar Two)"	Response to possible accounting problems arising from the Pillar 2 rules.	01 January 2023

None of these standards, interpretations or amendments has been applied early. The application of these standards, interpretations and amendments has had no significant impact on these Consolidated Annual Accounts.

**AUDAX RENOVABLES, S.A. AND SUBSIDIARIES**  
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The Management is closely watching the developments related to the implementation of the international tax reforms, which introduce a global minimum tax (Pillar 2). Since the end of the last annual reporting period, the International Accounting Standards Board issued amendments to IAS 12, which provide an obligatory temporary exception to the requirements regarding deferred tax accounting for additional tax and require new disclosures in annual accounts. However, because at the date of these Consolidated Annual Accounts as at 31 December 2023, in the majority of jurisdictions where the Group operates the legislation concerning complementary tax has not yet been approved or substantially approved, it does not have any effect on these Annual Accounts. Regarding the legislative development of Pillar 2, it is considered that various jurisdictions where the Group operates will approve and implement it during the year 2024. The Group shall evaluate during the next year the possible impact of the various regulations as they become approved, but no significant impact is expected.

**b) Standards that will enter into force on 1 January 2024 and beyond**

The following is a list of standards, amendments and interpretations that will enter into force for the fiscal years beginning after 1 January 2024 and later:

<b>Standards issued by the IASB and not yet adopted by the European Union</b>	<b>Entry into force for the fiscal years beginning on</b>
IFRS 16 (amendment) "Lease Liabilities in a Sale and Leaseback"	Determining the measurement of the transaction by a seller-lessee. 01 January 2024
IAS 1 (amendment) "Presentation of Financial Statements"	Classification of liabilities as current or non-current. 01 January 2024
IAS 1 (amendment) "Non-current Liabilities with Covenants"	Accounting for a liability subject to compliance with covenants 01 January 2024
IAS 7 and IFRS 7 (amendment) "Supplier Finance Arrangements"	Information to be disclosed about these arrangements. 01 January 2024

None of these standards or amendments has been applied early. The application of these standards, interpretations and amendments is being evaluated by the Management of the Group in order to determine its possible impact on the year.

**2.2 Fair view, accounting principles and going concern**

The consolidated annual accounts present fairly the consolidated net equity and the consolidated financial position of the Audax Renovables Group at 31 December 2023, and the consolidated results of its operations, the changes in the consolidated statement of comprehensive income, changes in consolidated net equity and consolidated cash flows that have taken place in the Audax Renovables Group in the year then ended.

The information set out in these consolidated annual accounts is the responsibility of the Directors of the Parent Company, Audax Renovables, S.A.

**2.3 Bases of preparation and comparison of the information**

The Consolidated annual accounts have been prepared according to the principle of historical cost, with the exception of derivative financial instruments, financial assets at fair value with changes in comprehensive income and financial assets at fair value with changes in other comprehensive income.

The consolidated annual accounts present, for comparative purposes, with each heading of the consolidated balance sheet, the consolidated income statement, the consolidated statement of changes in net equity, the consolidated statement of cash flows, and of the notes to the consolidated annual accounts, together with the figures for the year 2023, the figures for the previous year, which were included in consolidated annual accounts for the year 2022 and which were approved by the General Meeting of Shareholders of 30 June 2023.

**AUDAX RENOVABLES, S.A. AND SUBSIDIARIES**  
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## **2.4 Relative importance**

So as to determine the information that needs to be broken down in the consolidated notes for each of the different accounting items, the Group has considered its relative importance in relation to the current consolidated annual accounts for the year 2023 and 2022.

## **2.5 Consolidation principles and standards**

### **a) Consolidation methods**

The consolidated companies are listed in the Appendix I to these consolidated annual accounts. In its consolidation the Group has applied the full consolidation method to the subsidiary companies and the equity method to its associates and joint ventures.

#### Full consolidation method Subsidiary Companies

Subsidiary companies are consolidated beginning on the date of the transfer of control, and are excluded from consolidation on the date from which the control is no longer exercised. Audax is considered to exercise control over an entity when it has direct or indirect power over the subsidiary, is exposed to its variable income, or has the rights which allow it to manage important activities of the subsidiary..

The subsidiary companies have been fully consolidated, and all their assets, liabilities, income, expenses and cash flows have been integrated in the consolidated annual accounts after making the respective adjustments and de-recognitions for intra-group operations. The Appendix I sets out the list of companies consolidated by this method.

The consolidation process eliminates the transactions, balances and unrealised gains between Group companies. The unrealised losses are eliminated, unless the transactions provide proof of an impairment loss of the asset transferred.

The acquisition method is used to book the acquisition of subsidiaries. The cost of acquisition is the fair value of the assets handed over, the net equity instruments issued and the liabilities incurred or assumed on the swap date. Any contingent consideration to be transferred by the Group is recognised at its fair value at the acquisition date. Subsequent variations to the fair value of contingent consideration which are considered to be an asset or liability are recognised in accordance with IFRS 9 in net income or as a change in other global net income. Any contingent consideration which is classified as net equity is not revalued and its subsequent payment is booked in net equity. The costs directly attributable to the acquisition are booked directly in the income statement.

The results of subsidiary companies acquired or sold during the year are integrated into consolidated profit or loss, respectively, from and to the effective date of the transaction.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at their fair value at the acquisition date. For each business combination, the Group may opt to recognise any non-controlling interest in the acquired company at its fair value or at the proportional part of the recognised amounts of the subsidiary's identifiable net assets corresponding to the non-controlling interest.

The participation of third parties in net equity and the net income of the group companies is presented under "Non-controlling interest" on the consolidated balance sheet and under "Net income attributable to non-controlling interest" in the consolidated income statement. In the case of acquisition of minority interests, the overprice paid in relation to the net book value is recognised directly in net equity.

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Transactions with non-controlling interests which do not result in a loss of control are recognised as net equity transactions, i.e. as transactions with the owners in their capacity as owners. The difference between the fair value of the amount paid and the corresponding acquired proportion of the book value of the subsidiary's net assets is recorded in net equity. Gains or losses from disposals of non-controlling interests are also recorded in net equity.

In order to account for an acquisition of assets which does not meet the definition of a business combination under IFRS 3, an analysis is carried out for the purpose of finding out whether the integrated set of acquired activities and assets constitutes a business. In order to be considered as such, it is necessary that it should contain at least one input and one substantial process which, together, contribute significantly to the capacity of manufacturing goods.

Equity accounting method Associated companies

The equity accounting method has been used to consolidate the associates, i.e. the companies over which the Group has significant influence.

A significant influence is understood to exist when the Group has a stake in the associate and can intervene in the decisions regarding the associate's financial and operating policies but does not exercise control or joint control. Generally, it occurs when the stake held is between 20% and 50% of the voting rights.

Investments in associates are recorded using equity accounting method. The share in the gains or losses after the acquisition of an associate is recognised in the consolidated income statement and the share in the net equity movements after acquisition is recognised in reserves.

If the stake in an associate is reduced but the Company continues to have a significant influence on its management, only the stake in proportion to the amounts previously recognised in other global net income are reclassified to net income when this is appropriate.

Dilution gains and losses generated in investments in associates are recognised in the consolidated income statement.

An investor will stop applying the equity accounting method from the date on which it stops having a significant influence on an associate's management. If a significant influence on the associate's management is lost, the investor will value the investment which it holds in the former associate at fair value.

**b) Changes in the consolidation scope and business combinations**

The Appendix I includes the companies in which Audax Renovables, S.A. has a direct or indirect shareholding, and which have been included in the consolidation scope as at 31 December 2023 and 2022.

Below there is a specification of the main transactions carried out which involved significant changes in the consolidation scope:

**AUDAX RENOVABLES, S.A. AND SUBSIDIARIES**  
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Transactions in the year 2023:

On 9 March 2023 Audax Energia, S.R.L. set up Audax Solution, S.R.L. holding 100% of its shares for the amount of EUR 10 thousand. This company has its registered office and carries out its activity in Italy.

On 2 November 2023 the Group began the process of dissolving and liquidating Eolica Warblewo Sp. z o.o, a company located in Poland, whose objects involved the development of a wind farm in Poland. As the Group had already made provisions for the investment involved in that project in previous years, the liquidation did not have any significant impact on the consolidated financial statements.

On 9 November 2023 Unieléctrica Energía, S.A., a company of the Group, sets up the company Homepower Energy, S.L.U. As at 31 December 2023 the new company has not yet begun its activities.

On 20 December 2023 Audax Renovables acquired 100% of shares of the company Aquiles Power, S.L. for the total amount of EUR 1,191 thousand from third company Idena Solar, S.L. The main object of the acquired company involves development, construction and operation of various photovoltaic power generation projects. The Group considered that the transaction did not fall under the IFRS-3 requirements to be classified as a business combination and recognised it as asset acquisition.

On 1 December 2023 Audax Renovables, S.A. acquired 70% of the shares of the company Audax Green USA Inc, companies located in the USA, whose objects will involve the development of renewable energy generation projects, however, as at 31 December 2023 the company has not yet begun its activities. Previously these shares were held by a company related to the Group, Audax Green, S.L.U. The Group has not made any significant payment in relation with this investment.

The Appendix I includes the companies in which Audax Renovables, S.A. has a direct or indirect shareholding, and which were included in the consolidation scope as at 31 December 2023.

The changes in the consolidation scope explained in this section shall be taken into account for the purpose of comparability of the consolidated financial statements.

Transactions in the year 2022:

*Sale of Non-controlling interests*

On 21 July 2022 the sale of 49% of shares of the companies Botey Solar, S.L., Centauro Energia Solar S.L., Corinto Solar, S.L., Corot Energía, S.L., Da Vinci Energía S.L., Elogia Calañas, S.L. and las Piedras Solar, S.L. was carried out for the amount of EUR 8,800 thousand to Devo Prime, S.L.U., a company related to the investment fund IKASUN S.à.r.l, (IKAV). Moreover, in the context of this transaction, the company Arianna Solar, S.L. was set up, in which Audax Renovables holds 51% of shares.

Moreover, the same investment fund provided long-term financing to these companies in the amount of EUR 29,900 thousand (Note 22).

All these companies are involved in operating a set of photovoltaic plants of installed capacity of 69.5 MWp.

**AUDAX RENOVABLES, S.A. AND SUBSIDIARIES**  
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Under the agreement of 15 June 2022 on the sale of 49% of shares of the companies mentioned above, a purchase option was granted to the Group concerning the shares held by IKAV.

In this context, the Management of the Group carried out an analysis of the accounting impact connected to said purchase option and, in consequence of the terms of the agreement, considered that the amount associated with the shares held by IKAV should be registered as a financial liability and not as non-controlling interest in the consolidated annual accounts.

Therefore, the direct recording of this transaction did not have any impact on the income statement or on the net equity.

*Purchase of photovoltaic projects*

On 15 March 2022 Audax Renovables acquired 100% of shares of the company Ulises Power, S.L. for the total amount of EUR 484 thousand from third company Idena Solar, S.L. The main object of the acquired company involves development, construction and operation of various photovoltaic power generation projects.

On 22 December 2022 Audax Renovables entered into an agreement with the company Idena Solar, S.L. for the purchase of 100% of shares of the companies Zeus Power, S.L., Hera Power, S.L, Juno Power, S.L, Diana Power, S.L. and Atlas Power S.L. The main object of all the acquired companies involves development and operation of photovoltaic power stations.

The Group considered that this transaction did not meet the requirements of IFRS 3 to be classified as a business combination, because the set of integrated assets did not constitute a business, as it did not include a substantial process and input which, together, would contribute to its ability to manufacture goods, with no organised workforce and without having generated income at the date of acquisition, because at that moment they were at the stage of development.

The joint price (fair value) of these transactions amounted to EUR 4,653 thousand, including a set of loans in the amount of EUR 2,170 thousand, which had been previously recorded under liabilities in the balance sheet of the acquired companies.

The acquisition of these companies generated cash flows from payments of investments in group companies amounting to EUR 3,653 thousand.

The breakdown of the assets and liabilities which were incorporated at fair value at the date of their incorporation to the group was as follows:

	Zeus Power, S.L.	Hera Power, S.L.	Juno Power, S.L.	Diana Power, S.L.	Atlas Power, S.L.	TOTAL
Intangible assets	522	513	380	410	380	2
Tangible assets	657	669	397	372	346	2
Other assets	33	36	16	11	25	121
<b>Total assets</b>	<b>1</b>	<b>1</b>	<b>793</b>	<b>793</b>	<b>751</b>	<b>5</b>
Other net liabilities	561	585	401	363	373	2
<b>Total liabilities</b>	<b>561</b>	<b>585</b>	<b>401</b>	<b>363</b>	<b>373</b>	<b>2</b>
<b>Total acquired net assets</b>	<b>651</b>	<b>633</b>	<b>392</b>	<b>430</b>	<b>378</b>	<b>2</b>
<b>Total carrying amount</b>	<b>128</b>	<b>120</b>	<b>12</b>	<b>20</b>	<b>(1)</b>	<b>279</b>

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The price paid was assigned to various assets and liabilities of the acquired companies, depending on their relative fair value and on the power in MW of each of the plants, and the difference between the fair value and the price paid was registered as an intangible. This intangible resulted from the valuation of the different milestones completed in each power station during its development phase at the moment of the acquisition. This intangible is amortised depending on the useful life of the plant and starts when the plant is put into operation, and is registered in the account of rights, licences and similar.

*Other transactions*

On 15 March 2022 Solar Buaya Inversiones S.L.U. set up the company SET Carmona 400KV Renovables, S.L. together with third partners, where it holds 8.20% of shares for the amount of EUR 820. The main object of the new company involves development, construction and operation of various photovoltaic projects as well as interconnection and energy transmission lines.

In March 2022 the name of the company Alset Comercializadora, S.L. was changed into Comercializadora ADI España, S.L.

On 26 April 2022 Audax Renovables set up the company ADX Sonne, S.L. for the amount of EUR 3 thousand. The main object of the new company involved development, construction and operation of various photovoltaic projects.

In September 2022 Unielectrica Energía S.A. set up the company ADX Renovables, S.A. for the amount of EUR 3 thousand. The main object of the new company will involve electricity and natural gas retail in Spain.

On 22 December 2022 Audax Renovables carried out the sale of 100% of shares of Astendong, S.L. for the amount of EUR 15 thousand, with no significant impact as a consequence of the transaction.

**c) Homogenisation of the accounts of the companies in the consolidation scope.**

The criteria applied in the homogenisation have been as follows:

- Temporary homogenisation: the accounts of the companies in the consolidation scope are referred to 31 December 2023 and 2022.
- Measurement homogenisation: the measurement criteria applied by the subsidiary companies to the assets, liabilities, income and expenses coincide basically with the criteria applied by the Parent Company.
- Homogenisation for internal transactions.
- Aggregation homogenisation: for consolidation purposes, the necessary reclassifications have been made to adapt the structures of the subsidiary companies accounts to that of the Parent Company and to IFRS-EU.

**2.1 Transactions in foreign currency**

The items included in the consolidated annual accounts of each entity in the Audax Renovables Group are stated using the currency of the main economic environment in which the entity operates (functional currency). The consolidated annual accounts are presented in thousand euros, which is the presentation currency of the Audax Renovables Group.

The transactions in foreign currency are translated into the functional currency using the exchange rates in force on the transaction dates. The gains and losses in foreign currency from the settlement of these transactions and the translation to year end exchange rates of the monetary assets and liabilities denominated in foreign currency are recognised in the consolidated income statement.



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The net income and financial position of all the companies in the Audax Renovables Group (none of which are trading in a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- The assets and liabilities of each balance sheet presented are translated at the exchange rate in force at the balance sheet date.

- The income and expenses of each income statement are translated at monthly average exchange rates, unless this measure does not reasonably reflect the accumulated impact of the exchange rates on the transaction dates, in which case the income and expenses are translated at the date of the transactions.

- All the exchange differences are recognised as separate components in net equity (translation differences). Likewise, the net equity (translation differences) comprise the exchange differences arising from monetary accounts which pertain to the net investment in a foreign business.

The adjustments to goodwill and fair value arising from the acquisition of a foreign entity are treated as the assets and liabilities of the foreign entity and translated at the year-end exchange rate.

The exchange rates against the euro of the main currencies of the companies in the Audax Renovables Group as at 31 December 2023 and 2022 were as follows:

	31 December 2023		31 December 2022	
	Closing rate	Rate Medium	Closing rate	Rate Medium
US dollar	1.11	1.08	1.07	1.06
Hungarian forint	382.80	382.14	400.87	391.27
Polish zloty	4.34	4.54	4.68	4.68

## 2.2 Segment reporting

The Group discloses financial information by segments in accordance with IFRS 8, identifying its operating segments on the basis of their important economic indicators and features, which are regularly reviewed and evaluated in the process of decision making. The conclusions are used in the areas of allocation of resources and evaluation of performance in each operating segment.

Although the results of the generation and retail, as well as their economic features, could be different, the fact that the Group follows its strategy of vertical integration of both business lines by, for example, developing its own generation facilities, as well as protecting the prices through power supply agreements, justifies that, at the operating segment level, both business lines are joined.

Therefore, the Group presents the information divided into geographical segments, and each of them constitutes a different business with its own organisational structure in order to evaluate its level of goal achievement.

The main geographical segments of the Audax Renovables Group are the following:

- Spain and Portugal
- Rest of World: corresponds to Italy, Poland, Germany, the Netherlands, France, Panama and Hungary.

## 2.8 Intangible assets

The assets included in intangible assets are measured at cost, which may be the acquisition price or the production cost, less the relevant accumulated amortisation (calculated based on its useful life) and possible impairment losses, if applicable.

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The depreciable amount of an intangible asset of limited useful life is distributed on a regular basis throughout its useful life. The amortisation charge of each period is recognised in the profit or loss for the year.

**a) Goodwill**

Goodwill represents the surplus, on the acquisition date, of the costs of the business combination over the fair value of the share in the net identifiable assets of the acquired company. The goodwill related to the acquisitions of subsidiaries is included under intangible assets and that related to acquisitions of associates is included under investments consolidated by equity accounting.

The goodwill is only recognised when it was acquired against payment and corresponds to the future economic profits arising from the assets which could not be identified individually and recognised separately.

Prior to the entry into force of the International Financial Reporting Standards, and as per IFRS 1, goodwill arising from the acquisitions before 1 January 2004 was recorded in the amount recognised as such in the consolidated annual accounts at 31 December 2003 prepared under Spanish accounting principles.

Any goodwill coming from the acquisition of a company whose functional currency is not the Euro, will be valued in that distinct currency. The Euro conversion will take place on the balance sheet date.

Apart from investigating the existence of any impairment sign, the goodwill and intangible assets are examined at least annually for the purpose of discovering any loss due to impairment.

In order to analyse its recoverability, the goodwill is assigned to those cash-generating units (or groups of cash-generating units) which are benefited by the synergies of the business combination.

**b) Computer software**

Computer software purchased and developed by the company itself, including the cost of the development of websites, is recognised correspondingly to the fulfilment of the conditions established for the development expenses. These costs are amortised by straight-line amortisation during its estimated useful life (between 3 and 4 years).

The Group reviews the residual value, the useful life and the depreciation method of the intangible assets at the end of each year. The changes to the initially established criteria are recognised as a change in the accounting estimate.

The expenses related to the maintenance of computer software are recognised as cost when incurred. Cost related directly to the production of unique and identifiable software controlled by the Company, and when it is probable that it will generate economic profit exceeding the cost during more than one year, is recognised as intangible asset. Direct costs include staff costs of software developers and a suitable percentage of general costs.

**c) Trademarks and Client portfolio**

Client portfolio corresponds primarily to the ones acquired through business combination in the year 2017 of the company Audax Netherlands B.V. and the company Eryx Investments 2017, S.L. (Unieléctrica Group) during the year 2018. Moreover, in 2020 a client portfolio was acquired through the business combination of Audax Hungría.

For the purpose of valuation of customer relations, the earnings method (MEEM) was used. The value of the assets is estimated by the sum of future "excess earnings" discounted at present value, less charges for contributory assets.

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The client portfolios are amortised by the straight-line amortisation method during their useful life which is estimated to be between 2 and 12 years and is determined according to the drop ratio based on historical data.

Trademarks are mainly the ones acquired through business combinations referred to in the previous paragraph. Some trademarks were considered, by the independent expert who carried out its measurement at fair value, to have indefinite useful life, as there is no estimable limit to the period in which the asset will generate cash inflows, whereas others are amortised depending on their estimated useful life, mainly between 2 and 10 years.

#### **d) Right-of-use assets**

Right-of-use assets are recognised on the lease commencement date.

The cost of the right-of-use asset includes the amount of the measurement at recognition of the lease liability, any lease payment made on or before the commencement date, less the incentives received, the initial direct costs incurred in lease, and the estimated cost to be incurred in dismantling and restoring the asset.

After the initial recognition, the right-of-use asset is measured at cost less accumulated amortisation and impairment loss. The amortisation of the right-of-use asset begins on the lease commencement date and is carried out over the useful life of the underlying asset or the lease term if the latter is shorter. If the ownership is transferred to the lessee or when it is quite certain that the lessee will exercise the purchase option, the amortisation is recorded over the useful life of the asset.

Asset recognition exemption was applied to the leases where the underlying asset is of low value (less than EUR 4,000) or its lease term at the date of the lease contract is 12 months or less). In these cases the lease payments are recognised as operating expenses applying the straight-line method over the lease term.

#### **e) Other intangible assets and licences**

Intangible assets are recorded at acquisition cost, or at fair value when they are acquired through business combinations, less accumulated amortisation initiated when the asset is available to be used and less any impairment when it occurs.

These assets arise mainly from measuring at fair value, in business combinations or company acquisitions, certain milestones in the development and implementation of, for example, renewable energy generation plants, such as the finding of ideal sites for the farm, applications for access points and grid connection, land lease agreements, obtaining permits and authorisations granted by official bodies, etc. They also include own work capitalised (basically staff costs) under intangible assets when the requirements of IAS 38 are met. These intangible assets are amortised on a straight-line basis over the farm's useful life, which begins when the assets are put into operation, and that is when the dismantling or restoring costs, if applicable, begin to be registered.

The net book value of the intangible assets is tested for possible impairment before their amortisation begins and if changes or events indicate that their net book value cannot be recovered.

### **2.9 Property, plant and equipment**

Property, plant and equipment are recognised at their acquisition price or cost of production minus their accumulated depreciation and accumulated recognised impairment losses. This account also includes own work capitalised (basically staff costs) for property, plant and equipment when the requirements of its recognition are met. The provisions for dismantling, under contract, which are recorded upon start-up at their current value as property, plant and equipment (with a counter-entry under provisions), form part of the cost and are depreciated over the useful life of the wind farm.

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The assets related to dismantling or land rehabilitation are registered upon start-up of the power generation plant, which is also when the depreciation begins.

The net financial expenses, and other expenses directly attributable to property, plant and equipment, are included in the acquisition cost until they are brought into use.

The costs of extension, modernisation or improvement of property, plant and equipment are capitalised only when they represent an increase in their capacity, productivity or a lengthening of their useful life, and as long as it is possible to know or estimate the carrying value of the assets that are written off inventories when replaced.

The costs of major repairs are capitalised and depreciated over their estimated useful lives while recurrent maintenance expenses are taken to income statement during the year in which they are incurred.

The depreciation of property, plant and equipment, except for land, which is not depreciated, is calculated on a straight-line basis according to their estimated useful lives, taking into account ordinary wear and tear. The estimated useful lives are as follows:

	<b>Depreciation method</b>	<b>Years of estimated useful life</b>
Structures	Straight-line	33 – 50
Plant and machinery	Straight-line	8 – 35
Other plants, facilities and equipment	Straight-line	5 – 20
Other property, plant and equipment	Straight-line	4 – 14

The residual value and useful life of assets are reviewed, and adjusted if needed, at each consolidated balance sheet date.

When the book value of an asset is greater than its estimated recoverable value, it is immediately written down to the recoverable value.

The profit and loss on the sale of property, plant and equipment is calculated by comparing the income obtained from the sale against book value and then taken to the income statement.

## **2.10 Impairment losses on non-financial assets**

The Group analyses, at least at the closing date of each year, the value of its non-current assets in order to determine whether there is any indication of a loss due to impairment of these assets. If there is any such indication, then the recoverable amount of the asset is estimated in order to determine the amount of the impairment, if necessary.

Moreover, regardless of whether there are any indications of impairment, the Group examines at least once a year the possible impairment that could affect the goodwill and the intangible assets of indefinite useful life, as well as intangible assets that are not yet available for use.

For the purpose of assessing impairment, the assets are grouped on the lowest level for which it is possible to identify independent cash flows.

The recoverable amount must be calculated for an individual asset, unless the asset does not generate cash inflows which are largely independent of cash inflows from other assets or groups of assets. If this is the case, the recoverable amount is determined for the CGU (Cash-Generating Unit) to which it belongs. The recoverable amount of an asset is whichever is higher between its fair value less costs of disposal or its value in use.

Negative differences resulting from the comparison between the carrying amount and the recoverable amount of the assets are recognised in profit and loss.

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Impairment loss of a CGU initially reduces the goodwill allocated to that CGU and, later on, to the other assets of the CGU pro rata the carrying amount of each one of the assets, with the limit for each one of them of whichever is the higher between its fair value less cost of sale or other disposal, its value in use, and zero.

The Group assesses, based on internal and external information sources, at each balance sheet date, whether there is an indication that an impairment loss recognised in previous years does not exist any more or may have decreased. Reversal of impairment loss for goodwill is not possible. Impairment loss for the rest of assets may be only reversed if there has been a change in the estimates used to determine the recoverable amount of the asset.

The main indications which the Group takes into account in order to check the existence of impairment are the following:

- Recurring losses in the CGUs;
- Actual net cash flows, or results, deriving from the exploitation of the asset, significantly lower than estimated;
- Negative change in one of the key assumptions on which the cash flows forecasts are based: production, prices, number of clients, discount rates, gross margins, etc.;
- Significant changes with unfavourable effect for the Group, which occurred during the year or are expected to occur in immediate future, in the form or manner in which the asset is used or is expected to be used, such as, for example, plans to interrupt or restructure the business activity to which the asset belongs, or plans to dispose of the asset;
- Identification of unforeseen contingent liabilities in the CGUs subject to valuation, unforeseen significant sanctions or failure to meet certain ratios related to financial liabilities.

Reversal of the impairment loss is recognised in the profit or loss. However, the increased carrying amount due to reversal should not be more than what its depreciated historical cost would have been if the impairment had not been recognised.

## **2.11 Leases**

### **Identification of a lease**

At the beginning of a contract, the Group assesses if the contract contains a lease. A contract is or contains a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The period in which the Group uses an asset includes consecutive and non-consecutive periods. The Group reassesses the conditions only when the contract is amended.

### **Lessee accounting**

In the contracts which contain one or more lease components and non-lease components, the Group assigns consideration of the contract to each lease component according to the selling stand-alone price of the lease component and aggregate stand-alone price of the non-lease components.

The payments made by the Group which do not involve transfer of goods or services to the Group by the lessor are not a component separate from the lease, but form part of the total consideration of the contract.

The Group decided to not apply the accounting policies specified below for short-term leases and those where the value of the underlying asset is lower than EUR 4 thousand. (IFRS 16.8 and B3-B8).

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For this kind of contracts the Group recognises the payments on a straight-line basis over the lease term.

At the beginning of the lease the Group recognises a right-of-use asset and a lease liability. The right-of-use asset consists of the amount of the lease liability, any lease payment made on or before the commencement date, less the incentives received, the initial direct costs incurred in lease and the estimated cost to be incurred in dismantling and restoring the asset, as indicated in the provisions accounting policy.

The Group measures the lease liability at the present value of the lease payments that are not paid at the commencement date. The Group discounts the lease payments using the adequate incremental rate, except for when it is possible to credibly determine the lessor's interest rate implicit in the lease.

The unpaid lease payments consist of fixed payments, less any lease incentives receivable, variable payments that depend on an index or a rate, initially measured using the index or rate applicable at the commencement date, the amounts expected to be payable under residual value guarantees, the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and the payments of penalties for terminating the lease if the lease term reflects the exercising of an option to terminate the lease.

The Group measures the right-of-use assets, less any accumulated depreciation and any accumulated impairment losses, adjusted for any remeasurement of the lease liability.

If the contract conveys the ownership of the asset to the Group at the end of the lease term or the right-of-use asset includes the purchase option price, depreciation is carried out applying the criteria indicated in the property, plant and equipment paragraph from the lease commencement date to the end of the useful life of the asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group applies the criteria of the impairment of non-current assets indicated in Note 5 to the right-of-use assets.

The Group measures the lease liability incrementing it by the accrued financial expense, reducing it by the payments made and remeasuring the book value due to amendments to the lease or in order to reflect the adjustments of the in-substance fixed payments.

The Group recognises variable payments that were not included in the initial measurement of the liability in profit or loss for the period in which the circumstance occurred which triggered the payment.

The Group recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset until it is reduced to zero and later in profit or loss.

The Group remeasures the lease liability by discounting the lease payments using a revised discount rate if there is a change in the lease term or a change to the assessment of the option to purchase the underlying asset.

The Group remeasures the lease liability if there is a change in the amounts expected to be payable under residual value guarantee or a change to the index or rate used to determine the payments, including a change to reflect the changes in the market rental rates following a market rent review.

The Group recognises a lease modification as a separate lease if the modification increases the scope of the lease by adding the right to use one or more underlying assets and the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any adjustments to that stand-alone price to reflect the circumstances of the particular contract.

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If the modification is not accounted for as a separate lease, at the date of the modification, the Group allocates the consideration in the modified contract in the way indicated above, determines again the lease term and remeasures the lease liability by discounting the revised payments using a revised discount rate. The Group decreases the book value of the right-of-use asset to reflect the partial or full termination of the lease in the modifications that decrease the scope of the lease, and recognises in profit or loss the relevant gain or loss. For all other lease modifications, the Group adjusts the book value of the right-of-use asset.

### **Lease liabilities**

On the lease commencement date, the Group recognises the lease liability at the present value of the lease payments to be made over the lease term, discounted using the interest rate implicit in the lease or, if that is impossible to be easily verified, the incremental borrowing rate.

The initial value of the lease liability is measured at the value of future lease payments discounted, as a rule, at incremental rate. Lease payments include:

- Fixed payments or in-substance fixed payments specified in the lease contract less any lease incentives receivable;
- Variable lease payments that depend on an index or rate;
- The amounts expected to be paid by the lessee under residual value guarantees;
- The exercise price of a purchase option that the lessee is reasonably certain to exercise; and
- Payments for terminating the lease if the lease term includes early termination.

Contingent rents subject to the occurrence of a specific event and variable payments that depend on the income or on the use of the underlying asset are measured at the moment when they are incurred under the 'External services' heading of the Consolidated income statement instead of being part of the lease liabilities.

Subsequently, lease liability is increased in order to reflect the financial expense and is reduced by the amount of the payments made. Financial adjustment is recorded under the 'Financial expenses' heading of the Consolidated income statement.

The leases, where the Audax Renovables Group acts as lessee, have been measured individually at the present value of the future payments, discounted at the average discount rate of 4%.

The majority of the leases affected by this regulation correspond to the lease of land where the power plants are installed, as well as lease of office space.

## **2.1 Financial instruments**

### **Recognition and initial measurement**

Financial instruments are classified at the moment of their initial recognition as a financial asset, a financial liability or an equity instrument, according to the substance of the contract and to the definitions of financial asset, financial liability or equity instrument developed in IAS 32 "Financial Instruments: Presentation".

A financial instrument is recognised when the Group becomes an obliged party to an agreement or a legal transaction according to the provisions thereof.

### **Subsequent classification and measurement**

#### Financial assets

The Group classifies its financial assets, except for the investments accounted for by the equity method, into the following categories:

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a) Amortised cost:

These are financial assets, non-derivative, which are held for the collection of contractual cash flows when these cash flows represent only the principal and interest payments. They are included in current assets, except when they mature in more than twelve months as from the balance sheet date on which they were classified as non-current assets.

They are initially recognised at fair value and, subsequently, at amortised cost, using the method of effective interest rate. The interest income of these financial assets is included in financial income, any profit or loss arisen when they are derecognised is recorded directly in consolidated income, and impairment losses are presented as a separate item of the Consolidated Income Statement for the year.

b) Measurement at fair value through Other Comprehensive Income:

The financial assets at fair value with changes in other comprehensive income are initially recognised at fair value plus transaction costs that are directly attributable to the purchase.

Subsequently to the initial recognition the financial assets classified into this category are measured at fair value with recognition of loss or gain in other comprehensive income, except for the loss or gain due to exchange rate, as explained in section 2.6 (foreign currency transactions) and expected credit loss. The amounts recognised in other comprehensive income are recognised in profit or loss at the moment of derecognition of the financial assets. However, the interests calculated using the effective interest rate method are recognised in profit or loss.

c) Measurement at fair value through profit and loss:

The derivatives are included in this category, unless they are described as hedging instruments. These financial assets are measured, both initially and subsequently, at fair value, with the changes in that value recorded in the Consolidated Income Statement for the year.

The fair value of listed investments is based on the market value (Level 1). In the case of non-listed company shares, the fair value is determined using the valuation methods which include the use of recent transactions between interested and duly informed parties, references to other substantially equal instruments and the analysis of discounted future cash flows (Level 2 and 3). When recent available information is insufficient for determining the fair value, or when there is a whole range of possible valuations of the fair value and the cost represents a better estimate within that range, the investments are recorded at acquisition cost, less the impairment loss, if applicable.

d) Financial assets measured at cost:

The investments in equity instruments for which there is no sufficient information to measure their fair value or when there is a wide range of measurements and derivative instruments that are linked to them which should be settled for providing those investments, are measured at cost. However, if the Group may obtain at any moment a credible measurement of the asset or of the contract, it will recognise them at that moment at fair value recording the gain or loss in profit or loss or in other comprehensive income if the instrument is designated at fair value with changes in other comprehensive income.

Financial liabilities

At the moment of their initial recognition, they are classified into the following categories:



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a) Financial liabilities at amortised cost:

Financial liabilities are recognised initially at fair value, net of the costs incurred in obtaining them. The difference between the amount obtained and their redemption value is recognised in the Consolidated Income Statement during the term of the financial liability using the effective interest rate method.

In the case of amendments to contracts concerning financial liabilities measured at amortised cost which do not result in their amortisation, the modified cash flows of the refinanced debt are discounted at the original effective interest rate, and the obtained difference from the previous carrying amount is recorded in the Income Statement at the date of the modification.

The difference between the book value of a financial liability which is cancelled and the consideration paid is recognised in the profit or loss for the period.

Financial liabilities are classified as current liabilities unless their maturity is longer than twelve months as from the balance date or if they include tacit renewal clause to be exercised by the Group.

Moreover, current trade and other payables are short-term financial liabilities which are initially measured at fair value do not accrue interest and are recorded at their nominal value.

b) Financial liabilities at fair value through profit and loss:

These are liabilities acquired for the purpose of selling them in short term. The derivatives are included in this category, unless they are described as hedging instruments. These financial liabilities are measured, both initially and subsequently, at fair value, with the changes in that value recorded in the Consolidated Income Statement for the year.

### **Principles of compensation**

A financial asset and a financial liability are subject to compensation only when the Group has the legal right actually enforceable to compensate the recognised amounts and has the intention to settle for differences or realise the asset and cancel the liability simultaneously. In order for the Group to have the legal right actually enforceable, it should not be contingent to a future event and should be legally enforceable in the ordinary course of business, in case of insolvency or legally declared liquidation and in case of default.

### **Reclassifications of financial instruments**

The Group reclassifies financial assets when it modifies the business model for the management of that assets. The Group does not reclassify financial liabilities.

If the Group reclassifies a financial asset from the category of at amortised cost to at fair value with changes in profit or loss, it recognised the difference between the fair value and the carrying amount in the profit or loss. From that moment on, the Group does not record financial asset interest separately.

If the Group reclassifies a financial asset from the category of at fair value with changes in profit or loss to at amortised cost, the fair value at the date of the reclassification is considered to be the new gross carrying amount for the purpose of applying the effective interest rate approach and of recording credit losses.

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If the Group reclassifies a financial asset from the category of at amortised cost to at fair value with changes in other comprehensive income, it recognises the difference between the fair value and the carrying amount in other comprehensive income. The effective interest rate and the expected credit loss record are not adjusted by the reclassification. However, the accumulated amount of the expected credit losses is registered against other comprehensive income and is itemised in the notes.

If the Group reclassifies a financial asset from the category of at fair value with changes in other comprehensive income to at amortised cost, it is reclassified at its fair value. The amount of the difference in equity is adjusted to the carrying amount of the asset. The effective interest rate and the expected credit loss record are not adjusted by the reclassification.

If the Group reclassifies a financial asset from the category of at fair value with changes in profit or loss to at fair value with changes in other comprehensive income, the effective interest rate and expected credit loss are determined at the date of the reclassification at the fair value of that moment.

If the Group reclassifies a financial asset from the category of at fair value with changes in other comprehensive income to at fair value with changes in profit or loss, the amount of the difference in equity is reclassified to profit or loss. From that moment on, the Group does not record financial asset interest separately.

### **Impairment**

The Group recognises in profit or loss a loss allowance due to expected credit loss of the financial assets measured at amortised cost, fair value with changes in other comprehensive income, contract assets, lending commitments and financial guarantees.

For financial assets measured at fair value with changes in other comprehensive income the expected credit loss is recognised in other comprehensive income and does not reduce the fair value of the assets.

The Group measures on every balance sheet date the loss allowance by an amount equal to the expected credit loss in the following twelve months, for the financial assets for which the credit risk has not increased significantly since the date of the initial recognition or when it considers that the credit risk of a financial asset has not increased significantly.

The Group determines on every balance sheet date whether the credit risk of an instrument considered individually or of a group of instruments considered collectively has increased significantly since the initial recognition. For the purpose of collective evaluation the Group has grouped the instruments according to shared risk features.

In order to determine whether for an instrument or a group of instruments the credit risk has increased significantly the Group uses the change in the risk of a default during the expected lifetime of the instrument instead of changes in the amount of the expected credit losses. Therefore the Group evaluates the change in the risk of a default at every balance sheet date comparing it to the initial recognition. For this purpose the Group considers that a default occurs when there are justified doubts concerning recovery.

For the purpose of determining whether there is a significant increase in the credit risk the Group evaluates all the reasonable and justifiable prospective information, in particular:

- Internal and external credit risk ratings;
- Current or expected adverse changes in the business, financial or economic situation which may give rise to a significant change in the borrower's ability to fulfil their obligations;
- Current or expected significant changes in the borrower's operating income;
- Significant increase in the credit risk of other financial instruments of the same borrower;
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements.

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- Macroeconomic information such as interest rates, growth, unemployment rates, GDP of the region, real property market prices or rents.
- The Group considers that the credit risk has increased significantly since the initial recognition when its maturity period is extended.

If there has been a significant increase in the credit risk of an instrument or a group of instruments since the initial recognition, the expected credit loss covers the entire expected life of the instrument. For the financial assets acquired or originated with incurred losses the Group recognises at every balance sheet date only the positive or negative changes in the expectations of loss since the initial recognition as a loss or profit from impairment, regardless of whether the profit exceeds the initially estimated amount of the incurred credit loss.

For the financial assets renegotiated or modified and which have not implied derecognition of the original financial asset the Group evaluates the significant increase in credit risk comparing the risk of a default at the date of the balance sheet according to the new conditions with the risk of a default at the date of the initial recognition according to the original conditions. The Group considers that the credit loss of modified financial assets should not be estimated during the lifetime for the instrument only when there is evidence of the borrower's fulfilment of the modified obligations.

If the modified financial asset has implied derecognition of the previous financial asset and the recognition of a new one, the Group determines the expected credit loss at that moment. For this purpose the Group determines the expected credit loss in the subsequent twelve months, except for when the financial asset originated with incurred loss.

Notwithstanding the above, the Group recognises the expected credit loss during the life of the instruments for trade receivables or contract assets and finance lease receivables.

The Group determines the expected credit loss considering the unbiased and probability-weighted amount, effective interest rate or effective interest rate adjusted by the original credit risk and reasonable and justifiable information about past events, current conditions and forecasts of future economic conditions.

The maximum term considered by the Group to measure the expected credit loss is the contractual period, including novation options, during which the Group is exposed to credit risk. However, the Group determines credit losses during the period in which the Group is exposed to credit risk and the credit losses would not be mitigated by credit risk management actions, even if this period exceeds the maximum contractual period.

Separate expected credit losses represent the difference between the contractual and the expected cash flows, in the amount as well as in the term.

The Group has determined the impairment of cash and cash equivalents due to expected credit losses during the next twelve months. The Group considers that cash and cash equivalents have a low credit risk according to the credit ratings of the financial entities where the deposits or cash are deposited.

For trade receivables the Group determines the expected credit loss during the life of the financial assets collectively, grouped by different collectives according to their maturity dates, allocating a percentage of default to each of them.

The percentage of default is calculated according to the probability of an account receivable to be moving through the subsequent stages of default until its definitive derecognition. The percentages are calculated separately for each collective. The percentages are based on the current experience of default in recent years and are adjusted by the differences between current and historical economic conditions and considering the forecast information that is reasonably available.

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**Extinguishment of financial assets**

The Group applies the financial assets derecognition criteria to a part of a financial asset or to a part of a group of similar financial assets or to a financial asset or to a group of similar financial assets.

Derecognition of financial assets is carried out when the rights to collect cash flows connected with those assets have expired or have been transferred and the Group has transferred substantially the risks and profits derived from their ownership.

Derecognition of a financial asset in its entirety implies a recognition of profit or loss for the difference between its carrying amount and the sum of the received compensation, less transaction costs, including the assets obtained or the liabilities assumed and any loss or gain recognised in other comprehensive income, except for the equity instruments designated at fair value with changes in other comprehensive income.

**Interests and dividends**

The Group recognises interests applying the effective interest rate method, which is an update rate that equalises the carrying amount of a financial asset with the expected cash flows during the expected life of the instrument on the basis of its contractual terms and without considering the expected credit loss, except for the financial assets acquired or originated with incurred losses.

The interests are recognised at gross carrying amount of the financial assets, except for the financial assets acquired or originated with incurred credit losses and financial assets with credit impairment. For the former, the Group recognises the interests according to the effective interest rate adjusted by the initial credit risk and for the latter, the Group recognises the interests at amortised cost.

The changes of estimates in cash flows are discounted at the effective interest rate or an interest rate adjusted by the original credit risk and are recognised in profit or loss.

The income on dividends from investments in equity instruments is recognised in profit or loss when right for the Group arise to collect the dividends, the collection of economic profit is probable and the amount can be reliably calculated.

The dividends from equity instruments classified at fair value with changes in other comprehensive income are recognised in profit or loss, except when they represent a return on investment, in which case they are recognised in other comprehensive income.

The Group recognises as financial income and expenses the late-payment interest in commercial transactions according to the legal and contractual conditions. If eventually the interest is compensated or cancelled, the Group recognises the transaction according to its substance.

**Derecognition and modification of financial liabilities**

The Group derecognises a financial liability or a part of it when the obligation specified in the contract is fulfilled or when the Group is legally exempted from the principal responsibility contained in the liability whether through a court proceeding or by the creditor.

The exchange of debt instruments between the Group and the counterparty or substantial modifications of the liabilities initially recognised are accounted for as an extinguishment of the original financial liability and recognition of a new financial liability, provided that the terms of the instruments are substantially different.

The Group considers that the terms are substantially different if the current value of the discounted cash flows under the new terms, including any commission paid less any commission received, and using for the discount the original effective interest rate, differs by at least 10 per cent from the discounted current value of the cash flows which still remain from the original financial liability.

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If the exchange is recorded as an extinguishment of the original financial liability, the costs or commissions are recognised in profit or loss as a part of its result. Otherwise, the modified cash flows are discounted at the original effective interest rate and any difference from the previous carrying amount of the liability is recognised in profit or loss. Likewise, the costs or commissions adjust the carrying amount of the financial assets and they are amortised by the amortised cost method during the remaining life of the modified liability.

The Group recognises in profit or loss the difference between the carrying amount of a financial liability or a part of it that is extinguished or transferred to a third party and the compensation that was paid, including any transferred asset other than cash or assumed liability.

**Issuance and acquisition of equity instruments and financial instruments and recognition of dividends**

The Group classifies issued, incurred or assumed financial instruments as financial liabilities in its entirety or in one of its parts, providing that, depending on the economic situation, it means for the Group a direct or indirect contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with third parties under conditions that are potentially unfavourable.

The Company recognises the increases and decreases of capital in net equity when the issuance and subscription has been carried out.

In the issuance of compound financial instruments with equity and liability components the Group measures the equity component at the residual amount obtained after subtracting from the fair value of the instrument as a whole the amount of the liability component, including any derivative financial instrument. The liability component is measured at fair value of a similar instrument which does not contain an equity component. However, if an issued instrument is puttable at any time at the investor's request or because of a contingency which cannot be controlled by the Group, the initial value of the financial liability is equal to its issue price. Derivative financial instruments are later measured at fair value through profit or loss. The liability component of the financial instrument is later measured at amortised cost. Transaction costs related to an issue of a compound financial instrument are allocated according to the carrying amount of each of the components at the time of classification.

In an issue of convertible bonds the Company recognises the conversion option as other equity instruments, providing that it is not classified as a derivative financial instrument. The financial liability component and transaction costs are recognised as stated above.

At the date of the conversion the Group cancels the liability component and proceeds to credit the capital account and, if applicable, the share premium account. Moreover, the original component of net equity is reclassified to the share premium account.

In case of agreement on bonds repayment, the Group cancels the liability and, at the difference against consideration paid, accounts for the result of the transaction in the financial margin of the consolidated income statement. Likewise, the original net equity component is reclassified to the reserves.

When the Group cancels a convertible bond before maturity, through early redemption or repurchase where conversion terms remain unchanged, the Company distributes the consideration paid and transaction costs related to the redemption or repurchase between the liability and equity components of the instrument at the date of the transaction, in a way which is congruent with the method used in the distribution carried out for the initial recognition of the instrument.

Once the allocation of the consideration paid between the two components is made, the resulting gain or loss related to the cancellation of liability is recognised in the consolidated profit or loss, and the amount corresponding to the equity component is recognised directly in a reserves account.

If the initial terms of the convertible instrument are amended in order to induce early conversion, the difference, at the date when the terms are amended, between the fair value of the consideration the investor is to receive on conversion of the instrument under the new terms and the fair value of the consideration that the investor would have received under the original terms is recognised as a financial profit or loss in the consolidated income statement.

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**Contracts for purchase and sale of non-financial assets**

The Group signs forward contracts for the purchase/sale of energy according to its production requirements. The Group assesses at the moment of signing and also periodically if the contracts should be recognised as derivative financial instruments. For this purpose the Group carries out control and a separate register of those contracts which meet the conditions for not being classified as derivative financial instruments and those which must be considered as trading.

The Group recognises as obligations the contracts for purchase or sale of a non-financial account in line with the terms of the contract and if it is held for delivery or reception according to the usage, purchase or sale requirements.

The transaction costs of the contracts classified as obligations are recognised according to the general criteria applicable to the costs related to purchase and sale transactions.

However, the Group recognises as derivative financial instruments those contracts or groups of similar contracts for which the Group keeps applying a past practice of net cash settlement or those that are held by the Group for the purpose of obtaining profit from trading margin.

In the case of contracts for the purchase or sale of non-financial assets classified as trading and which are going to be settled with physical delivery at a fixed price, the Group applies the cash flow hedge policy.

The Group evaluates the existence of implicit derivatives in the contracts for purchase or sale of non-financial assets in foreign currency. Although the contract is not accounted for as a financial instrument, the implicit derivative is recognised according to the criteria indicated above.

As at 31 December 2023 and 2022 the Group does not have any interest rate derivatives.

**2.13 Derivatives and other financial instruments**

Financial derivatives are recognised at fair value on the contract date, and are successively recalculated at fair value. The method for recognising the gain or loss depends on whether the derivative is classified as a hedging instrument, and if so, the nature of the asset hedged.

The Group aligns its accounting with the implemented financial risk management. Periodically, the risk management and hedging strategy objectives are reviewed, and a description of the pursued objective of risk management is prepared.

A hedge is considered to be highly effective when the changes in the fair value or the cash flows of the assets hedged are offset by the change in the fair value or cash flows of the hedging instrument. The Group documents the relationship between the hedging instruments and the assets or liabilities hedged at the beginning of the transaction, as well as the purpose of the risk management and hedging strategy.

The market value of different financial instruments is calculated according to the following procedures:

- Regarding the derivatives traded on regulated market, at their quoted price at the end of the year (Level 1).
- In the case of derivatives that do not trade on regulated market, at the discounted cash flows, based on the market conditions at the year-end date or, in the case of non-financial elements, on the best estimate of the future price curves of those elements (Level 2 and 3).

The fair values are adjusted by the expected negative impact of the observable own credit risk on the valuation scenarios.

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For the purpose of recognition, the transactions are classified in the following manner:

**a) Cash flow hedge**

For these derivatives, the part identified as efficient hedge of changes in the fair value of the derivatives designated and qualifying as cash flow hedges is recognised in net equity. The gain or loss relating to the non-effective part is recognised immediately in the consolidated income statement. The amounts accumulated in net equity are released to the consolidated income statement in the year in which the hedged items affects profit or loss.

**b) Fair value hedge**

The changes in the fair value of the derivatives that are designated and qualify as fair value hedges are posted in the consolidated income statement, together with any change in the fair value of the asset or liability hedged that is attributable to the risk hedged.

**2.1 Share capital**

Share capital is represented by ordinary shares.

The cost of the issue of new shares or options, net of tax, is subtracted from net equity.

The dividends from ordinary shares are recognised as less net equity when approved by the Parent Company's shareholders.

**2.15 Provisions and contingent liabilities**

The Directors of the Parent Company have established a difference in the consolidated annual accounts between:

- a) Provisions: credit balances that cover current obligations related with past events. Its settlement is likely to originate an outflow of cash, however the amount and/or the moment of the settlement cannot be determined.
- b) Contingent liabilities: possible obligations arising as a consequence of past events whose future materialization is subject to whether or not one or more than one of these events ends up taking place. These events are independent of the Groups' will.

Provisions are recognised when the Audax Renovables Group has a present legal or implicit obligation as a result of past events, which will likely lead to an outflow of funds in order to meet the obligation, and when the amount can be reliably estimated. No provisions are recognised for future operating losses.

Provisions are recorded when the unavoidable costs of meeting the liabilities exceed the profits expected to be obtained from them. The unavoidable costs of a contract indicate the lower net cost of the contract itself or, equally, the amount which is lower between the cost of fulfilment and the amount of the compensations or penalties derived from non-fulfilment.

The cost of fulfilling a contract comprises the costs which are directly related to the contract. The costs which are directly related to the contract involve:

- a) the incremental costs of fulfilling the contract (such as labour direct cost and cost of materials); and
- b) an allocation of other costs which are directly related to the fulfilment of the contract (e.g. an allocation of depreciation charge to an account of property, plant and equipment used to fulfil the contract, among others).

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Provisions are stated at current value of the amount necessary to settle the liability at the balance sheet date, according to the best estimation available.

When it is expected that part of the disbursement necessary to settle the provision is refundable by a third party, the reimbursement is recognised as a separate asset, provided that its receipt is practically assured.

## **2.16 Corporate Income Tax**

The corporate income tax accrued expenses include the expense for the deferred tax and the expense for the current tax understood as the amount payable (or refundable) relating to the tax profit (or loss) for the year.

The Group incorporates the uncertainty effect into the tax treatment when determining the tax profit, tax bases, unused tax losses, unused tax credits and tax rates.

The current tax is the amount that the Group pays as a consequence of the fiscal liquidations arising from Corporate Income Taxes for the year. Deductions and other fiscal advantages affecting the amount of taxes payable, excluding any account retention or payment, as well as fiscal losses that can be compensated from past years and that are effectively applicable during the current year, give rise to a lower amount of current taxes payable.

The deferred tax is recorded by comparing the temporary differences that arise between the taxable income from the assets and liabilities and the accounting profit on the consolidated annual accounts using the tax rates that are expected to be in force when the assets and liabilities are realised.

Liabilities arising from deferred taxes are recognized for all the temporary differences on tax bases, except for those derived from the initial recognition of goodwill or other assets and liabilities in an operation that does not affect neither the fiscal result nor the accounting result and that is not included in a business combination.

The deferred tax arising from charges or credits made directly in the net equity accounts are also recorded as charges or credits to net equity.

Additionally, any difference that might exist between the consolidated value of an acquired company and its fiscal base will also be considered at a consolidated level. In general these differences arise from the accumulated results generated after the acquisition date, from fiscal deductions associated with the investment and from the exchange difference, in the case where the acquired company uses a currency that is not the euro. Deferred tax assets and liabilities originated from these differences can be recognized except for, and in the case of taxable differences, those in which the investor has control over the moment of reverting the difference and in the case of the deductible differences, if it can be expected that such difference has consequences on the foreseeable future and if it is likely that the company has a tax profit of a sufficient amount.

The deferred tax assets are recognised to the extent that it is probable that there will be future tax profits with which to offset the temporary differences.

In every closure of the accounting cycle the assets registered as deferred taxes receivable are reconsidered and the needed corrections are done in the cases where doubts exist about their future payment.

When there is a change in tax rates, the amounts of the deferred tax in assets and liabilities are remeasured. These amounts are charged or allocated through consolidated profit and loss or through the "Other comprehensive income for the year" account of the Consolidated Statement of Comprehensive Income, depending on the account to which the original amount was charged or allocated.

Moreover, in every closure, the assets that have not been registered as deferred taxes in the balance sheet are evaluated and recognized if their future recoverability in the form of future tax profits is likely.



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The Management is closely watching the developments related to the implementation of the international tax reforms, which introduce a global minimum tax (Pillar 2). Since the end of the last annual reporting period, the International Accounting Standards Board issued amendments to IAS 12, which provide an obligatory temporary exception to the requirements regarding deferred tax accounting for additional tax and require new disclosures in annual accounts. However, because at the date of these Consolidated Annual Accounts as at 31 December 2023, in all the main jurisdictions, where the Group operates, except for Hungary, the legislation concerning complementary tax has not yet been approved or substantially approved, it does not have any effect on these Annual Accounts.

**Measurement of deferred tax assets and liabilities**

The deferred tax assets and liabilities are measured according to the tax rates that will be applicable in the years when the assets are expected to be realised and the liabilities are expected to be settled, on the basis of the regulations and types that are approved or are soon to be approved and after considering the tax implications of the form in which the Group expects to recover the assets or settle the liabilities. For this purpose, the Group has considered the deduction from the reversal of temporary measures, established in the 37th transitional provision of the Law 27/2014 of 27 November 2014 on Corporate Income Tax, as an adjustment to the tax rate applicable to the temporary deductible difference associated with the non-deductibility of the amortisations and depreciations recorded in the years 2013 and 2014 and updating the balance sheets under the Law 16/2012 of 27 December 2012.

The Group revises, at the date of the financial year end, the carrying value of the deferred tax assets in order to reduce that value when it is not probable that there will be sufficient taxable profit in the future to compensate them.

The deferred tax assets which do not meet the conditions specified above, are not recognised in the consolidated balance sheet. The Group reassesses, at the year end, if the conditions are met in order to recognise the deferred tax assets which previously were not recognised.

**Tax uncertainties**

If the Group establishes that it is not probable that the tax authority will accept an uncertain tax treatment or a group of uncertain tax treatments, it takes such uncertainty into consideration for the establishment of the taxable income, tax bases, credits for tax losses carried forward, deductions or tax rates. The Group determines the effect of the uncertainty in the corporate income tax return applying the expected value method when the range of possible outcomes is very wide, or the most-likely amount method when the outcome is binary or is concentrated on a value. In those cases where the tax asset or tax liability calculated using these criteria exceeds the amount presented in the tax return self-assessments, it is presented as current or non-current in the consolidated balance sheet according to the expected date of recovery or settlement, recording in the income statement, when appropriate, the amount of the relevant late-payment interest over the liability as it accrues. The Group records the changes in facts and circumstances related to the uncertainties as a change in the accounting estimate.

The Group recognises and presents the sanctions in accordance with the accounting policy indicated for provisions.

**Compensation and classification**

The Group only compensates the current tax assets and liabilities if there is legal authorisation from the tax authorities and the Group intends to settle the resulting debt in its net amount or to realise the assets and settle the debt simultaneously.

The Group only compensates deferred tax assets and liabilities if there is legal authorisation from the tax authorities to compensate and the assets and liabilities belong to the same tax authority and to the same taxable person or to different taxable persons that intend to settle or realise the current tax assets and liabilities at their net amount or to realise the assets and settle the liabilities simultaneously, in every future fiscal year in which it is expected that significant amounts of deferred tax assets or liabilities will be settled or recovered.

Deferred tax assets and liabilities are recognised in the consolidated balance sheet as non-current assets or liabilities, regardless of the expected date of the realisation or settlement.

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**2.17 Recognition of revenues from contracts with customers**

Income from contracts with customers is recognised according to the fulfilment of the performance obligations towards the customers.

Ordinary income represent the transfer of goods or services to the customer for an amount which reflects the consideration that the Group expects to receive in exchange for that goods or services.

According to IFRS 15, for the recognition of revenues it is necessary to apply a procedure in five steps in order to determine the moment in which income needs to be recognised, as well as its amount:

1. Identifying the contract or contracts with a customer.
2. Identifying the performance obligations.
3. Determining the transaction price
4. Allocating the transaction price to different performance obligations.
5. Recognition of income according to the fulfilment of each obligation.

The expenses are recognised when they accrue, or immediately - in the case of outlays that are not going to generate future economic profit or when they do not meet the necessary requirements to be recognised in books as assets.

Sales are measured net of tax and discounts, and transactions between Group companies are excluded.

Income is recorded at the fair value of the consideration to be received and represents the amounts receivable for goods delivered and services rendered during the Audax Renovables Group's normal course of business, minus returns, price reductions, discounts and value added tax.

Electricity and natural gas sales are recognised as income at the moment of delivery to the customer according to the quantities supplied during the period, before being invoiced. Therefore, sales figures include the estimated volume of supplied electricity, that has not yet been read on the customer's meter (Note 2.21).

Note 3 describes the basic features of the regulations in the electricity sector that are applicable.

**2.18 Cash flow statement**

The consolidated cash flows statement has been prepared using the indirect method, and, using the following expressions with the meeting set out below:

- a) Operating activities: activities that make up the ordinary group revenues, and other activities that cannot qualify as investment or financing.
- b) Investment activities: investment, sale or disposal by other means of long-term assets and other investments not included under cash and cash equivalents.
- c) Financing activities: activities that cause changes to the volume and composition of net equity and the liabilities that do not form part of the operating activities.

When it is possible to identify a tax flow in individual operations, such as, for example, Value Added Tax, which give rise to receipts and payments classified as investment and financing activities, these will be classified the same as the transaction to which it refers.

The cash flow statement does not list existing cash flows between restricted and non-restricted funds.

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## **2.19 Profit or loss per share**

Basic profit or loss per share is calculated using consolidated profit or loss for the year attributable to the Parent Company between the average number of ordinary shares in circulation during this period, excluding the average number of treasury shares held by the Group.

Diluted profit or loss per share is calculated using the consolidated profit or loss for the year attributable to the ordinary shareholders adjusted by the effect attributable to the potential ordinary shares having a dilution impact and the average number of ordinary shares in circulation during this period, adjusted by the average weighted number of ordinary shares that would be issued if all the potential ordinary shares were converted into ordinary shares of the Parent Company.

## **2.20 Cash and other cash equivalents**

Cash and cash equivalents include cash in hand and bank deposits payable on demand in credit institutions. Also included within this concept are other short-term investments of high liquidity, if they are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value. Therefore the account includes investments with maturity of less than three months from the date of purchase.

Investments in investment funds are considered as cash and cash equivalents only if the underlying assets of the fund meet the criteria specified above.

For the purposes of the consolidated cash flow statement, cash and cash equivalents include bank overdrafts which are repayable on demand and form an integral part of the Group's cash management. Bank overdrafts are recognised in the consolidated balance sheet as financial liabilities from borrowings from credit institutions.

The Group classifies as financing the cash flows related to the interest collected and paid and the dividends collected and paid.

## **2.21 Significant accounting estimates and assumptions.**

### **Intangible and tangible assets**

The determination of useful life of intangible and tangible assets requires estimates of their degree of use, as well as expected technological evolution. The assumptions regarding the degree of use, technological framework and future development involve a significant degree of judgement, insofar as the timing and nature of future events are difficult to foresee.

### **Impairment of non-financial assets**

The recoverable amount of the CGUs applied to the impairment tests has been determined on the basis of discounted cash flows based on the forecasts made by the Group, which historically have been substantially fulfilled.

In Note 5 we explain the main assumptions used in order to determine the recoverable value of non-financial assets.

### **Derivatives and other financial instruments**

The fair value of the financial instruments that are traded on active markets is based on market price at the date of the consolidated balance sheet. The quoted market price used for the financial assets is the current bid price.

The fair value of the financial instruments that are not traded on active markets is determined using valuation methods. The Group uses a variety of methods and makes assumptions which are based on the market conditions existing at each of the consolidated balance sheet dates.

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- The fair value of interest rate swaps is calculated as the present value of the future estimated cash flows.
- The fair value of the exchange rate forward contracts is determined by using the forward rate traded on the market at the date of the consolidated balance sheet.
- The fair value of the commodity price derivatives is determined by using the future curves of prices traded on the market at the date of the consolidated balance sheet.

For the purpose of information disclosure, it is assumed that the book amount of trade receivables and of accounts receivables less value adjustments due to their expected impairment is close to their fair value. Likewise, the fair value of the rest of financial liabilities for the purpose of financial information disclosure is estimated by discounting future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

### **Provisions**

The Group makes an estimate of the amounts to be settled in the future, including the amounts relating to contractual obligations, possible onerous contracts deriving from them, the settlement of outstanding litigation, and other liabilities. These estimations are subject to the interpretation of current events and circumstances, projections of future events and estimates of their financial effects.

### **Corporate income tax**

The calculation of the corporate income tax expense requires interpretations of tax legislation in the jurisdictions in which the Group operates. In order to determine whether the tax authority will accept a particular uncertain tax treatment and to establish the expected outcome of outstanding disputes, it is necessary to prepare significant estimates and judgments. The Group evaluates the recoverability of the deferred tax assets based on estimates of future taxable income and the capability to generate sufficient tax profits during the periods in which these deferred taxes are deductible. Deferred tax liabilities are registered in accordance with the estimates concerning the net assets which in the future will not be tax-deductible.

### **Income recognition**

Income from energy supply is recognized when the commodity is delivered to the customer on the basis of periodic meter readings. Moreover, it includes an estimate of the energy supplied and not yet invoiced at the moment of the accounting cycle closing, because, due to the normal course of the meter reading cycle, it was not yet measured.

The estimation of the energy accrued and not yet invoice is carried out differently with regard to each business segment of the Group according to its particularities. The main variables which intervene in the determination of the income estimate are the price and the volumes of used and purchased energy.

- Prices: are determined depending on the prices offered to different types of clients considering the estimate consumption curves.
- Consumption: application of the estimate daily consumption derived from the historical profile of different types of clients adjusted periodically and by other factors which can be measured and which affect the consumption.
- The volume of energy acquired by the retailers of the group in order to meet the demand.

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The Group has expertise and uses information systems sufficiently developed, which allow to guarantee the precision of the estimates recorded under this heading in the net turnover section of the consolidated income statement and to meet the requirements established by the accounting standards. Historically, no material adjustments have been made to the amounts recorded as accrued revenue and no adjustments are expected in the future.

Certain figures of the electrical system, including those corresponding to other companies, which make it possible to estimate the global settlement of the system that is supposed to materialise in the corresponding final settlements, might affect the determination of the amount corresponding to the deficit of the settlements of the regulated electrical activities in Spain.

### **Climate change and Paris Agreement**

The Group maintains its firm commitment to the fight against climate change, the Sustainable Development Goals (SDG) and the Ten Principles of the United Nations Global Compact, to which the Group has been adhered since 2013.

The Group, with its activity of energy generation from renewable sources, actively contributes to the fight against climate change. The Group plays a key role in the energy transition within the sector, and consequently has been working towards increasing its energy generation portfolio as the main goal of its corporate strategy. The achievement of such goal requires great investments in the development, construction, setup and maintenance of the photovoltaic and wind farms. These investments will directly contribute to the goal of improving the Spanish energy mix featured in the National Integrated Energy and Climate Plan PNIEC.

Moreover, the Group has reinforced the sustainability management model and the ESG aspects within the Group. In May the Board of Directors of Audax Renovables, S.A. approved the Sustainability Strategy Plan 2023-2026 in order to provide the Group with an ESG roadmap. The Plan outlines a series of projects and initiatives aimed to contribute to the goal of limiting the increase of global temperature to below 2°C and achieve climate neutrality in 2050, in line with the Paris Agreement, the 2030 Agenda and the European Green Deal.

Below there is a description of the main accounting estimates and judgments made by the Management and Directors of the Company while formulating the consolidated annual accounts for the year 2023 in relation to the expected effects of the climate change and energy transition:

#### Main assets of the Company exposed to the climate change and energy transition risk

##### *Assets of the renewable business:*

As at 31 December 2023 the net book value of the intangible assets amounts to EUR 292,935 thousand, of which EUR 217,899 thousand correspond to the assets in Spain. The main physical risk perceived is the potential unfavourable future evolution of the solar and wind resource, which are the key variables to the economic result of this line of business. There are also possible cutbacks of the remunerative frameworks of renewable energies and a reduction of prices on the margin wholesale markets because of an increase of production of renewable energy with a reduced variable cost. The impairment tests for the year 2023 did not take into account any changes to the remunerative frameworks which were not yet approved, and did take into account the forecasts of solar and wind resources.

##### *Retailing:*

The CGU of the retail business has net intangible assets as at 31 December 2023 amounting to EUR 199,276 thousand. The impact of the climate change and energy transition on the retail business is considered to be of a lesser character, because possible unfavourable impacts derived from the efficiency measures and temperature changes might be counteracted by a higher growth which is expected to result from the electrification of the economy.

In terms of transition risks, the current position of the Group, being a consequence of its investment focus on renewable energies, establishes it in a favourable situation to confront such risks. The Group considers that the opportunities arising from the growth of renewable energies are greater than the risks.

#### Recoverability of deferred tax assets

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It is expected that there exist certain taxable profit within the planning period, such as to guarantee the recovery of deferred tax assets recognised as at 31 December 2023.

#### Regulation

The Paris Agreement had a very significant impact on the development of new climate policies and approval of new regulations. The European Union (EU), upon undertaking the commitment of climate neutrality by 2050 and the European Green Deal, which establishes the new growth strategy of the EU, approved various regulations in this area. Spain likewise has issued various regulations on the matter, therefore the Group is aware that the laws concerning climate change and energy transition are evolving constantly and may have direct effect on the activities of the Company. The effect may be positive as well as negative, therefore it is key for the Company's strategy to monitor the legislation regarding sustainability and environmental issues.

#### Dividend distribution

The risks related to climate change are not expected to affect the Group's ability to pay dividends to the shareholders, because of strong cash generation and existing reserves.

#### **Armed conflict between Russia and Ukraine, and Israel and Palestine**

On 24 February 2022 a war between Russia and Ukraine broke out. The invasion of a European country is an unprecedented event since the middle of last century, and has led to catastrophic humanitarian consequences as well as serious implications for the world economy and financial markets.

After the Russian invasion of Ukraine, the European Union and countries such as the USA, Australia, Japan and the UK imposed some unprecedented measures and sanctions on Russia. These measures, as well as the sanctions imposed by Russia in response, had a global impact resulting in increased prices of raw materials, inflationary pressure, restrictions in the supply chain and volatility on the financial and commodity markets.

One of the most affected sectors is the energy sector, with a significant increase of the prices of petrol and natural gas, especially in 2022. Due to possible shortages of natural gas caused by the conflict, the European gas market responded with an increase, and the seriousness of the situation also caused a high volatility on the market, along with corresponding impacts on the electricity prices. These difficulties were multiplied by the increased technological risks to which the businesses and Administrations are exposed, and which led to the implementation of security measures and heightened internal control for the protection of the digital infrastructure.

Added to the aforementioned crisis is the biggest escalation in recent years of the conflict between the Palestinians and Israelis after the terrorist attack on Israel in October 2023. Although it is considered that this conflict will not have major consequences for the global energy market as long as it remains contained within the region, it reduces the expectations of normalisation in the region and increases the geopolitical risk premium in certain markets, which are already tense.

Considering the reference scenario, and in pursuance of meeting the recent recommendations of the European Securities and Markets Authority (ESMA) of 13 May 2022 and 28 October 2022 respectively, the Audax Group monitors the circumstances and evolution of the current situation caused by the crisis in order to manage potential risks. For that purpose, the analysis which are carried out are supposed to evaluate the direct impact of the conflict on the business activity, the financial situation and economic performance, with a special reference to the general increase of the prices of raw materials and, if possible, to a reduced availability of materials supply in the regions affected by the conflict.

Moreover, the Group does not hold shares in companies operating in Ukraine, Russia or Belarus, nor has it made any investments in those countries. The Group does not have undistributable balances of cash or cash equivalents as a consequence of the measures and sanctions described above. For references to interest rate risks, credit risks and liquidity risk, see Note 17.

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Considering that it is a scenario, which undergoes constant changes and it is difficult to predict to what degree and how long the armed conflicts will affect it, the Audax Group carries out constant control of the macroeconomic and business variables in order to be provided, in real time, with the best estimates of possible impacts, taking also into account various recommendations of the national and supranational control authorities in this area.

### **Determination of the existence of control**

The determination of the existence of control in certain transactions of purchase of investee companies requires occasionally that certain relevant criteria and judgments be applied.

#### **2.1 Actions causing an impact on the environment**

The payments carried out in order to comply with the legal requirements connected with the natural environment protection are recorded on an annual basis as expenses or as investments, according to their nature. Amounts registered as an investment are depreciated according to their useful life.

No provision for liabilities and charges related to natural environment has been considered, given that there are no significant contingencies related to the environment protection.

#### **2.2 Incremental costs of acquiring new contracts and client acquisition costs**

The incremental costs of obtaining a contract are those incurred in order to obtain a contract with a customer, and which would not have been incurred if the contract had not been obtained.

The costs of obtaining a contract, which were incurred regardless of whether the contract was obtained or not, are recognised as an expense when they are incurred, unless they are explicitly attributable to the client without regard to obtaining the contract.

The Group recognises as assets the incremental costs of obtaining a contract with a client if the entity expects to recover those costs.

With regard to the contracts where there are substantial annual renewal costs, the incremental costs incurred directly in acquiring new customer contracts, which correspond primarily to the commission paid for the acquisition of contracts for power supply signed with those customers, are recorded as Prepaid Expenses and are transferred to the profit and loss account under the heading of procurement, linearly during the expected average life of the contract.

With regard to the contracts without substantial annual renewal costs, the commission paid for the acquisition of contracts for power supply signed with those customers are recorded as intangible assets and are transferred to the profit and loss account under the heading of Amortisation charge, linearly during the expected average life of the client.

The customer acquisition costs recognised as assets are amortised systematically in the Consolidated Profit and Loss Account during the expected average life of contracts with customers which ranges between 1 and 3 years.

#### **2.3 Market price deviation adjustment value under article 22 of Royal Decree 413/2014**

On 22 October 2021 the Comisión Nacional del Mercado de Valores (CNMV, National Securities Market Commission) issued an announcement establishing the criterion for accounting for the value of the market price deviation adjustment under article 22 of Royal Decree 413/2014 (RD 413/2014) of 6 June 2014 which regulates the electricity production from renewable energy sources, cogeneration and waste materials.

The value of the market price deviation adjustments reflects the differences that arise in each year between the income from energy retailing at estimated market price, an estimation that is determined at the beginning of each regulatory half-term of three years, and the actual income from energy retailing at average market price in that year.

According to the criterion established by the CNMV as a general rule, and subject to certain conditions, it is necessary to recognise in the balance sheet each of the market deviations, positive and negative, which arise under RD 413/2014.

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In the year 2023 as well as in 2022 the Group had only two facilities covered by the remunerative system established in RD 413/2014 under the code IT-00656 and with a regulatory useful life end in 2026. However, the Net Value of the Assets of both projects was negative (considered as zero for regulatory purposes), meaning that those facilities will not receive specific remuneration (remuneration for investment). Therefore, no impact was recorded in the Consolidated Annual Accounts as at 31 December 2022, nor as at 31 December 2023.

#### **2.4 Measurement at fair value**

Fair value is the price which would be received from selling an asset or paid for the transfer of a liability in an orderly transaction between market participants at the date of the measurement, whether the price is directly observable or estimated by using a different valuation method.

If there is no listed price available on an active market, the Group uses valuation methods which maximise the use of relevant observable input data and minimise the use of non-observable input data. More specifically, and with regard to different derivative financial instruments not marketable on regulated markets, the Group establishes the fair value by using valuation methods which include the use of recent free transactions between interested and duly informed parties, involving other substantially similar instruments, the analysis of discounted cash flows at interest rates and exchange rates applied in the market at the date of the presentation and models of establishing option prices, improved in order to reflect the specific circumstances of the issuer.

#### **2.5 Business combinations**

The Group accounts for business combinations using the acquisition method when the control is transferred to the Group in accordance with IFRS 3. The acquisition date is the date on which the Group obtains control over the acquired business.

The cost of the business combination is determined by the aggregation of:

- The fair value of the transferred assets on the acquisition date, the liabilities incurred or assumed and the equity instruments emitted.
- The fair value of any of the contingent considerations depends on the future events or the compliance with the predetermined conditions.

Costs related with the emission of equity instruments or financial liabilities exchanged for the acquired assets are not part of the combination costs.

Additionally, fees paid to legal advisors or other professionals that have intervened in the combination, and the expenses generated internally with the same nature, are not considered part of the combination costs. Instead, these costs are directly attributed to the income statement.

If the business combination is done in different stages, in such a way that before the acquisition date (obtaining the effective control) it already existed an investment, goodwill or the negative difference will be obtained by computing the difference between:

- The cost of the business combination, plus the fair value on the acquisition date of any previous share of the acquiring company in the acquired company, and
- The value of the identifiable acquired assets minus the liabilities assumed, determined according to what was indicated previously.



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Any profit or loss incurred as a consequence of the valuation at fair value on the date in which effective control is obtained over the shares of the acquired company, will be recognized in the consolidated income statement. If the investment has been valued previously according to its fair value, the valuation adjustments pending to be included in the year's result will be transferred into the income statement. On the other hand, it is presumed that the cost of the business combination is the best reference point to estimate the fair value on the acquisition date of any previously issued share.

If the combination difference happened to be negative, it would be registered in the income statement as an income.

If at the closing date of the year in which the combination takes place the valuation processes needed to apply the acquisition method described above had not been concluded, this accounting entry would be considered provisional, thus future adjustments on the provisional values would be allowed during the period it took to acquire the required information, which under no circumstances can be more than a year. The effects of the adjustments done during this period will be accounted for retroactively, modifying the comparative information if needed.

The subsequent changes in the fair value of the contingent consideration will be adjusted against results, unless such consideration has been classified as net equity in which case its further changes on fair value will not be recognized.

If after taking the efficient control sales transactions take place or subsidiary shares are bought without losing it, the impact of these transactions without changes in control will be accounted as net equity and will not modify the value of the consolidated goodwill.

### **Note 3 - Regulatory Framework**

#### **New regulations in the energy sector**

##### **3.1 European Regulatory Environment**

Beginning from 2018, a large proportion of the European legislation concerning energy has been revised, and agreements have been made which will define the European energy regulations for the 2030 and 2050 frameworks. In this regard, an exhaustive regulatory framework has been developed for the purpose of progressing in the energy transition, meeting the goals of the Paris Agreement, make the EU into a global leader in renewable energy matters, establish the "energy efficiency first principle" and contribute to modernise the European economy and industry. Among the regulations there is the Regulation (EU) 2018/1999 of the European Parliament and of the Council of 11 December 2018 on the Governance of the Energy Union and Climate Action (Governance Regulation), especially important in this year 2023, in particular, article 14 of that Regulation states that by 30 June 2023 each Member State shall submit to the Commission a draft update of the latest PNIEC, which is detailed in the paragraph concerning the Regulations of the energy sector in Spain.

With this regard, and before the deadline, the European Commission presented on 14 July 2021 its package of measures «Fit for 55», with the aim to adapt the regulatory framework of the EU on climate and energy to its goal of making the EU climate-neutral by 2050 and to its goal of reducing net greenhouse gas emissions by at least 55% by 2030 compared to 1990. The package of measures is comprised of a set of interconnected proposals, which modify the current legislation and introduce new initiatives in various areas of activity and economy sectors.

Moreover, the Commission put forward, on 18 May 2022, a framework of the REPowerEU plan, a complete set of actions and means designed to tackle and successfully meet the following key objectives, previously announced in the REPowerEU Communication: Joint European action for more affordable energy of 8 March-:

- promotion of energy conservation
- support to the production of clean energy
- diversification of our energy supplies

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In order to protect the businesses and households of the UE from situations of excessively high prices of gas, the European Commission proposed a market correction mechanism outlined in Regulation (EU) 2022/2578 of 22 December 2022, which entered into force on 15 February 2023 and is to be applied during one year. This instrument will be activated automatically if the price of the mechanism of title transfer (TTF) in one month exceeds EUR180/MWh during 3 working days and if the price of TTF is by EUR 35 above the reference price of liquefied natural gas (LNG) in the world markets during the same 3 working days. The market corrections are supervised by the Agency for the Cooperation of Energy Regulators and published on its website. In connection with the same regulation, on 31 March 2023, through the Executive Regulation (EU) 2023/736 of the Commission, this mechanism was extended to other negotiation centres different from TTF applicable from 1 May 2023.

In order to give priority to the energy saving, the energy efficiency and the expansion of the renewable energy sources, the European Union aims to attain two advantages: to reduce the pressure on energy prices and to accelerate the ecological transition. In this line, Regulation 2023/435 of the European Parliament and of the Council of 27 February 2023 applicable from 01 March 2023, required that the EU countries integrate a specific chapter in their recovery and resilience plans comprising energy-related reforms and investments.

Moreover, on 30 March 2023, under Regulation (EU) 2023/706 of the Council, the decision was made to extend the period of reduction of gas demand previously incorporated by Regulation (EU) 2022/1369, by which the Member States should make maximum endeavours to reduce their gas consumption by 15% within the period from 01 August 2022 to 31 March 2023. Likewise, in the former quoted regulation a disposition is included, by which the Member States which adopt important measures towards decarbonisation by substituting carbon with gas in urban heating, shall be able to reduce those volumes of gas from their obligation to reduce the demand, as long as such volumes of gas are directly attributable to the substitution of carbon by gas.

On 20 September 2023 Directive (EU) 2023/1791 of the European Parliament and of the Council of 13 September 2023 on energy efficiency and amending Regulation (EU) 2023/955 (recast) was published in the BOE, whose aim is to cater for the final legislative needs initiated in the Commission in July 2021, complemented with the additional proposal of the aforementioned REPowerEU Plan in 2022. This new Directive introduces a series of measures in order to help accelerate the energy efficiency, including the implementation of the «energy efficiency first» principle in the energy and non-energy policies. Moreover, it establishes a legally binding objective of the EU to reduce the final energy consumption in the EU by 11.7% by 2030, among other measures. With this measure the final energy consumption is expected to reach 763 million metric tonnes oil equivalent (MMtoe) in 2030 in comparison to 868.8 MMtoe expected in the EU in 2020.

Lastly, on 31 December 2023 the BOE published Directive (EU) 2023/2413 of 18 October 2023 amending Directive (EU) 2018/2001, Regulation (EU) 2018/1999 and Directive 98/70/EC as regards the promotion of energy from renewable sources, and repealing Council Directive (EU) 2015/652, which is considered as an answer to the energy aspects of the climate transition of the EU within the framework of the aforementioned package of measures «Fit for 55». The aim of this Directive is to increase the share of renewables in the total energy consumption of the EU to 42.5% from now by 2030, with an additional indicative complement of 2.5%, which will allow to attain the 45% goal.

### **3.2 Energy sector regulation in Spain**

The energy sector legislation in Spain was amended in 2013 through the publication of Law 24/2013 of 26 December 2013, on Electricity Sector, which adapted the previous regulation (Law 54/1997 of 27 November 1997) to the circumstances of the economy as well as of the electricity and energy sector in Spain.

The main features of the electricity sector are as follows:

- It is a sector in which regulated and non-regulated activities coexist, the regulated activities involving electricity transport and distribution (as well as the system operations), and the non-regulated activities involve production and retail of electricity.
- The law establishes the principle of economic and financial sustainability of the electricity system, to which the Administration and other entities should adjust their procedures, and according to which any regulatory measure related to the sector, the implementation of which would involve an increase of costs of the electricity system or a reduction of income, should incorporate an equivalent reduction of other costs or an equivalent increase of income in order to guarantee the stability of the system.

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- It also limits the imbalance caused by a deficit of income so that its amount must not exceed 2 percent of the estimated income for the year and the accumulated debt due to imbalance must not exceed 5 percent of such income.

The income of the electricity sector comes from the connection fees, which are the same throughout the national territory and are collected by the distributors acting as collection agents of the electricity system, and other regulated prices, specific fiscal measures and, exceptionally, from certain amounts provided by the General State Budget.

With regard to the electricity price, its main components are the following:

- Connection fees
- Cost of energy: Cost of commodity purchase.
- Capacity payments: Supply guarantee cost.
- System operator cost: The amount collected by Red Eléctrica de España in order to maintain the balance between production and demand.
- Marketing margin.
- Taxes: Municipal tax.
- Transmission and distribution losses: Adjustments by the System Operator for electricity transmission and distribution losses.

Among the legislative changes approved and applied in 2022 there are some which continue in force in 2023, and which have made a significant impact on the Spanish energy sector, in particular the measures established for the purpose of continuing to combat the increase of prices caused by the war in Ukraine and to protect the consumers in situation of energy vulnerability, approved on 27 December 2022 by Royal Decree 20/2022, such as:

- The reduction of the Added Value Tax (VAT) to 5% will still be applied until 31 December 2023 to electricity and gas among other fuels. This reduction is designed for consumers with contracts for the supply of electricity, under which their capacity (fixed capacity term) is 10 kW or lower, regardless of the voltage level of the supply and the mode of contract, when the arithmetic mean of the price in the daily market in the last calendar month before the last day of the invoice period has been higher than €45/MWh.
- Likewise, the reduction of the Excise Duty on Electricity to 0.5% and the exemption from the electricity production value tax, which bring a decrease of the electricity invoice, are also maintained until 31 December 2023.
- Moreover, until 31 December 2023 it will not be possible to suspend the supply of electricity, natural gas and water to consumers in situation of vulnerability, severe vulnerability or at risk of social exclusion. The notion of vulnerable consumers includes the natural persons owning an electricity supply point in their usual household, who subscribe to the voluntary price for the small consumer (PVPC) and who meet the requirements established in articles 3 and 4 of Royal Decree 897/2017 of 6 October 2017, which regulates the notions of vulnerable consumer, bono social and other measures for the protection of household electricity consumers.

The main regulatory amendments to the Spanish energy sector, published in the BOE throughout the year 2023, include the following:

- Resolution of 11 March 2023, published on 1 June 2023, of the Secretary of State for the Energy, which modifies the regulations concerning the management of guarantees of the gas system. The resolution presents new templates of bank guarantee agreement and surety insurance certificate, applicable in situation when the guarantees are certified digitally and substitute the ones established by Resolution of 2 August 2016 of the Secretary of State for the Energy.
- On 13 June 2023, by Royal Decree 446/2023, amendments were introduced to the previous Royal Decree 216/2014 of 28 March, establishing the method for calculating the voluntary prices for the small consumer of electricity and its legal system of subscription, for the purpose of indexing voluntary prices for the small consumer of electricity at forward price signal and of reducing its volatility. In the original text of Royal Decree 216/2014, of 28 March, the determination of the cost of energy was presented solely as the weighted average price of the daily market and of the intraday sessions, which originated the aforementioned exposition to those markets.

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The royal decree introduced a price signal to the forward contracts, shaping the signal as a basket of term contracts with reference to the forward market managed by OMIP, applying a distribution of weights among the monthly, quarterly and annual contracts. This distribution among the term contracts allows, on one side, to index (at least partially) the PVPC to price signals with a clear long-term component and, at the same time, contracts of a shorter term are introduced, enabling also the reference retailer to adjust with greater precision their portfolio of power supply to the actual demand. In particular, it suggests that the distribution among the previous term contracts should result in the monthly contract meaning 10% of the total, the quarterly occupying 36% and the annual meaning 54%.

- Additionally, and by virtue of the commitments in the area of planning established in Regulation (EU) 2018/1999 of the European Parliament and of the Council of 11 December 2018, mentioned in the previous paragraph, on 30 June 2023 a draft was presented of the amendment of PNIEC 2023-2030 of the National Integrated Energy and Climate Plans -as a temporary plan before the presentation of the definitive plans in 2024-. The draft includes goals, which are coherent with the reduction of emissions adopted at the European level and which will materialise in form of the following results in 2030:
  - Reduction of greenhouse gas emissions by 32% from 1990,
  - 48% of end-use energy proceeding from renewables,
  - Improvement by 44% of the energy efficiency in terms of end-use energy
  - 81% of the energy generation being renewable energy
  - Reduction of energy dependence to 51%
- On 28 December Royal Decree-Law 8/2023 of 27 December 2023 was published in the BOE, regarding the adoption of measures applicable in 2024 in order to address the economic and social consequences of the conflicts in Ukraine and Near East, as well as to mitigate the effects of the drought, including, among other amendments, a gradual reduction of VAT on electricity and gas, as well as measures related to the Excise Duty on Electricity and Electricity Production Value Tax. These include the following:
  - The extension, within the framework of Corporate Income Tax, of the system of accelerated depreciation of investments using energy from renewable sources, applied to the investments which begin operation in 2024.
  - With regard to the Added Value Tax, the tax rate of 10% on supplies, imports and intra-Community acquisitions of electricity is modified in favour of certain owners of electricity supply contracts, and on deliveries, imports and intra-Community acquisitions of natural gas until 31 December and 31 March 2024 respectively.
  - The tax rate of the Excise Duty on Electricity is increased (from 1 January to 31 March 2024 the tax rate will be of 2.5% and from 1 April to 30 June 2024 - of 3.8%) and minimum quotas are established for certain cases.
  - With regard to the Electricity Production Value Tax, the previous temporary exemption disappears and the tax will be due on 50% of the production value during the first quarter of 2024 and on 75% of the production value during the second quarter, effective tax rate being of 3.5% and 5.25% respectively. From the third quarter on the tax will be payable over the total of production value.
  - The unit value applicable to the electricity producers bound to the Bono Social will be of EUR 0.238676/MWh produced for the year 2024.

### **3.3 Energy sector regulations in other countries where the Group operates**

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The main regulatory amendments to the energy sector in other countries where the Group operates, introduced throughout the year 2023, involve the following:

- In Germany, since 1 October 2022 a temporary reduction of the VAT on natural gas is applied, cutting the tax rate from 19% to 7% in order to mitigate the costs which the households and businesses must bear as a consequence of the price increase of this year. Moreover, the beginning of 2023 marked also the beginning of application of the package of measures, which the German government announced in November 2022 and whose purpose is to compensate to the end consumer the increase of the energy prices. Among the measures applied there are electricity and gas price caps for households of €40/MWh and €12/MWh respectively and for businesses of €7 and €13/MWh respectively, where the government covers the difference between the purchase price and the regulated price. At the moment of the measures being announced, it was pointed out that the measures would be applicable until 30 April 2024, however, due to the reduction of the energy cost throughout the year 2023, it was officially established that the measure concerning electricity and gas price caps would stop being applicable from 1 January 2024.
- In Hungary the charge applicable to the electricity retailers and included in governmental decree 496/2022 (XII.7), generally known as the "Robin Hood" fee, is maintained at 41% since January 2023. Moreover, the Hungarian government adopted Decree no. 197/2022 (4.VI.) published in Official State Gazette no. 2022/93, under which the increase of the electricity fee changed from HUF310.5/MWh to HUF358.5/MWh for the tax payers of the aforementioned "Robin Hood" fee is maintained at the latter value throughout the year 2023.

Likewise, the distribution fee applied from 1 July 2022 by Annex 1 to government decision 2430/2022 was cancelled in accordance with the provisions of Annex B to Decision H 3808/2022 applied from 1 January 2023.

Additionally, on 1 July 2023 Governmental Decree 238/2023 (VI.19.) was approved, by which, in the case of fixed price energy contracts the Government would maximise the tariff to a net price of €200/MWh in order to reduce the inflationary pressure for the period of 1 July to 31 December, applicable to certain subsidised key sectors and the cost of electricity of the businesses such as processing or hosting companies and the businesses engaged in storage and transport.

- In the Netherlands the regulation "Prijsp plafondregeling" is in force, establishing the energy price cap. It fixes a maximum price per kilowatt hour of electricity up to the maximum consumption of 2.9 kWh, and a maximum price per 1.2 m<sup>3</sup> of natural gas, also up to a maximum consumption, above which a price will be applicable according to the agreement between the households and the energy company (the contract price). The possible loss resulting from the difference between this maximum price and the contract price may be requested from the Dutch government. The novelty of this regulation for 2023 consisted in carrying a *margin test* at the moment of ending the period applicable to this regulation, because the retailers would not be able to obtain a margin above the average of 3 years with best results (selected from among the last 4 years) for the more reduced connexions. If the margin exceeded the aforementioned limit, the subsidies would not be applicable and would have to be returned.
- In Italy the State Budget Act for 2023, approved by the Italian Parliament on 29 December 2022, entered generally into force on 1 January 2023, establishing various fiscal measures, among which there was a special tax called "solidarity fee" applicable only in 2023 to the businesses which obtained at least 75% of their income for the fiscal year 2022 from one of the following activities: production, import or retail of electricity or natural gas, among others. The fee was applicable at a rate of 50% on the part of the business income calculated for the fiscal year 2022 exceeding by at least 10% the average income of the four previous years before 2022 (if the average was negative, the base was supposed to be zero). This special contribution should not in any case exceed 25% of the amount of equity as at 31 December 2021 (in the case of business of calendar year) and had to be paid before the end of the first half of 2023.
- In Poland the measures approved on 7 October 2022 and applicable in 2023 continue in force, such as a) the limit of the price of natural gas for household consumers and in public services until the end of 2027, b) the Emergency Measures Act aimed to reduce the price of electricity and help certain consumers, including measures applicable in 2022 and 2023, and c) maintenance of the 2022 price of gas in 2023 for household consumers and the introduction of VAT from 2023, which previously was not applied pursuant to the "Anti-inflation Shield"

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programme, without prejudice to the possibility for the beneficiaries of the subsidy for low income of requesting the repayment of the amount of the tax "while they remain within the threshold", among other measures. In August 2023 a regulation was passed extending the energy price freeze from 1 January to 30 June 2024 and establishing a cap price for businesses at PLN 693/MWh. Moreover, a reduction of the energy consumption limits was established from 1 January to 30 June 2024 at 50% of the limits applied during the year 2023.

With regard to the Green Certificates, the Climate and Environment Ministry of Poland announced in August that it was working on a draft of a regulation modifying the system through the reduction of the percentage of mandatory Green Certificates, which would affect directly their prices as a result of a decrease of the demand. In 2023 the obligatory percentage was reduced from 18.5 (in 2022) to 12%, and a further reduction is planned to 10% in 2025 and to 9% in 2026.

Additionally, the Climate and Environment Ministry also prepared a draft bill which was supposed to insist on amending the Emergency Measures Act to Reduce the Price of Electricity and Help Certain Consumers in 2023 (Electricity Prices Act), which included the method of calculation of the settlement for the Fund in terms of income from sale of guarantees of origin and payment of financial instruments, including virtual PPA. According to the regulation, the payment to the Fund to be made by the electricity producers and referred to in article 21 of the Electricity Prices Act shall be the sum of the product of the volume of electricity sold and the positive difference of the weighted value and the volume.

Regardless of whether the weighted arithmetic mean of the market price and the volume of electricity sold in one day is higher or lower than the weighted arithmetic mean of the price by the cap volume of electricity sold in a day, the producers will have to pay 97% of the income from the sale of guarantees of origin, financial instruments and additional cash payments depending on the value or quantity of the electricity sold to the Fund. This obligatory contribution to the Fund was applicable until 31 December 2023 and was not extended in 2024.

#### **Note 4 - Segment Reporting**

The Group discloses financial information by segments in accordance with IFRS 8, identifying its operating segments on the basis of their important economic indicators and features, which are regularly reviewed and evaluated in the process of decision making. The conclusions are used in the areas of allocation of resources and evaluation of performance in each operating segment.

Although the results of the generation and retail, as well as their economic features, could be different, the fact that the Group follows its strategy of vertical integration of both business lines by, for example, developing its own generation facilities, as well as protecting the prices through power supply agreements, justifies that, at the operating segment level, both business lines are joined.

Therefore, the Group presents the information by geographical segments according to the criterion of the Management of the Group concerning organisation by geographical regions. Each of them constitutes a different business with its own organisational structure in order to evaluate its level of goal achievement.

The main geographical segments of the Audax Renewables Group are the following:

- Spain and Portugal
- Rest of World: corresponds to Italy, Poland, Germany, the Netherlands, France, Panama and Hungary.

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Profit and loss by segment as defined above for the years ended on 31 December 2023 and 31 December 2022 is as follows:

31 December 2023	Spain and Portugal	Rest of World (*)	Total
Ordinary income	732,388	1,558,050	<b>2,290,438</b>
Procurement	(631,843)	(1,425,012)	<b>(2,056,855)</b>
Other operating income	1,504	1,213	<b>2,717</b>
Operating expenses and remunerations	(71,932)	(65,061)	<b>(136,993)</b>
Amortisation and depreciation	(9,670)	(11,335)	<b>(21,005)</b>
Impairment and profit (loss) on disposal of fixed assets	(2,155)	(1,020)	<b>(3,175)</b>
<b>Operating profit (loss)</b>	<b>18,292</b>	<b>56,835</b>	<b>75,127</b>
Financial profit (loss)	(20,983)	(9,909)	<b>(30,892)</b>
Participation in the profit (loss) of associates	—	789	<b>789</b>
<b>Income before tax</b>	<b>(2,691)</b>	<b>47,715</b>	<b>45,024</b>
Corporate income tax	(1,030)	(12,614)	<b>(13,644)</b>
<b>Consolidated profit (loss) for the year</b>	<b>(3,721)</b>	<b>35,101</b>	<b>31,380</b>
a) Profit (loss) attributable to the parent company			<b>29,030</b>
b) Profit (loss) attributable to non-controlling interests			<b>2,350</b>

(\*) Rest of World includes Italy, Poland, Germany, the Netherlands, France, Panama and Hungary

31 December 2022	Spain and Portugal	Rest of World (*)	Total
Ordinary income	1,259,241	1,366,652	<b>2,625,893</b>
Procurement	(1,174,340)	(1,314,826)	<b>(2,489,166)</b>
Other operating income	3,957	3,133	<b>7,090</b>
Operating expenses and remunerations	(52,731)	(39,422)	<b>(92,153)</b>
Amortisation and depreciation	(10,472)	(11,377)	<b>(21,849)</b>
Impairment and profit (loss) on disposal of fixed assets	(616)	3,094	<b>2,478</b>
<b>Operating profit (loss)</b>	<b>25,039</b>	<b>7,254</b>	<b>32,293</b>
Financial profit (loss)	(20,989)	(1,683)	<b>(22,672)</b>
Participation in the profit (loss) of associates	—	2,953	<b>2,953</b>
<b>Income before tax</b>	<b>4,050</b>	<b>8,524</b>	<b>12,574</b>
Corporate income tax	(694)	(4,112)	<b>(4,806)</b>
<b>Consolidated profit (loss) for the year</b>	<b>3,356</b>	<b>4,412</b>	<b>7,768</b>
a) Profit (loss) attributable to the parent company			<b>3,539</b>
b) Profit (loss) attributable to non-controlling interests			<b>4,229</b>

(\*) Rest of World includes Italy, Poland, Germany, the Netherlands, France, Panama and Hungary

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The breakdown of ordinary income by country is the following:

	31/12/2023	31/12/2022
<b>Spain and Portugal</b>	<b>732,388</b>	<b>1,259,241</b>
Spain	616,097	1,101,172
Portugal	116,291	158,069
<b>Rest of World</b>	<b>1,558,050</b>	<b>1,366,652</b>
The Netherlands	570,455	350,299
Italy	135,107	159,119
Poland	45,579	41,013
Germany	9,497	9,783
France	1,902	1,829
Hungary	795,510	804,609
<b>Total ordinary income</b>	<b>2,290,438</b>	<b>2,625,893</b>

The breakdown of non-current assets, without financial assets and deferred tax assets, by segment and by country, is as follows:

	31/12/2023	31/12/2022
<b>Spain and Portugal</b>	<b>328,680</b>	<b>312,077</b>
Spain	304,358	288,038
Portugal	24,322	24,039
<b>Rest of world</b>	<b>176,946</b>	<b>180,807</b>
France	7,543	8,320
Italy	11,699	10,585
Germany	160	239
Poland	36,802	36,060
The Netherlands	102,916	108,317
Hungary	7,599	7,443
Panama	10,227	9,843
<b>Total Non-current assets</b>	<b>505,626</b>	<b>492,884</b>

**Note 5 - Intangible Assets**



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The movements for the years ended on 31 December 2023 and 2022 in the accounts under intangible assets have been as follows:

	Goodwill	Other intangible assets	Total intangible assets
<b>Net book value 31/12/2021</b>	<b>137,942</b>	<b>200,048</b>	<b>337,990</b>
Investment	—	16,053	16,053
Additions to scope (Note 2)	—	2,684	2,684
Amortisation and depreciation	—	(16,039)	(16,039)
Derecognitions	—	(1,519)	(1,519)
Other movements (Note 6)	—	1,249	1,249
Translation differences	(140)	(441)	(581)
<b>Net book value 31/12/2022</b>	<b>137,802</b>	<b>202,035</b>	<b>339,837</b>
Cost	137,802	284,493	422,295
Accumulated depreciation	—	(82,458)	(82,458)
<b>Net book value 31/12/2022</b>	<b>137,802</b>	<b>202,035</b>	<b>339,837</b>
Investment	—	10,583	10,583
Additions to scope (Note 2)	—	507	507
Amortisation and depreciation	—	(14,796)	(14,796)
Derecognitions	—	(82)	(82)
Impairment	—	(705)	(705)
Translation differences	194	409	603
<b>Net book value 31/12/2023</b>	<b>137,996</b>	<b>197,951</b>	<b>335,947</b>
Cost	137,996	294,248	432,244
Accumulated depreciation	—	(96,297)	(96,297)
<b>Net book value 31/12/2023</b>	<b>137,996</b>	<b>197,951</b>	<b>335,947</b>

The breakdown of the movements of intangible assets itemised by different classes is as follows:

	Rights, licences and similar	Industrial property, patents, trademarks and similar	Trademarks of indefinite useful life	Right of use (IFRS 16)	Computer software	Client portfolio	Advance and other intangible assets	TOTAL
Gross value	135,003	7,607	21,266	25,481	19,426	75,499	211	284,493
Accumulated depreciation	(2,003)	(1,445)	—	(5,546)	(14,152)	(59,312)	—	(82,458)
<b>Net book value 01/01/2023</b>	<b>133,000</b>	<b>6,162</b>	<b>21,266</b>	<b>19,935</b>	<b>5,274</b>	<b>16,187</b>	<b>211</b>	<b>202,035</b>
Investment	258	602	—	2,251	4,309	3,256	(93)	10,583
Additions to the scope	507	—	—	—	—	—	—	507
Amortisation and depreciation	(833)	(1,385)	—	(1,849)	(2,105)	(8,624)	—	(14,796)
Derecognitions	(82)	—	—	—	—	—	—	(82)
Translation differences	—	—	—	174	235	—	—	409
Impairment	—	(705)	—	—	—	—	—	(705)
Gross value	<b>135,685</b>	<b>7,504</b>	<b>21,266</b>	<b>27,906</b>	<b>23,014</b>	<b>78,755</b>	<b>118</b>	<b>294,248</b>
Accumulated depreciation	(2,835)	(2,830)	—	(7,395)	(15,301)	(67,936)	—	(96,297)
<b>Net book value 31/12/2023</b>	<b>132,850</b>	<b>4,674</b>	<b>21,266</b>	<b>20,511</b>	<b>7,713</b>	<b>10,819</b>	<b>118</b>	<b>197,951</b>

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	Rights, licences and similar	Industrial property, patents, trademarks and similar	Trademarks of indefinite useful life	Right of use (IFRS 16)	Computer software	Client portfolio	Advance and other intangible assets	TOTAL
Gross value	131,852	2,494	21,266	19,908	20,816	72,350	240	268,926
Accumulated depreciation	(1,257)	(1,220)	—	(3,644)	(14,034)	(48,724)	—	(68,878)
<b>Net book value 01/01/2022</b>	<b>130,595</b>	<b>1,274</b>	<b>21,266</b>	<b>16,264</b>	<b>6,782</b>	<b>23,626</b>	<b>240</b>	<b>200,048</b>
Investment	—	5,113	—	5,753	2,038	3,149	—	16,053
Additions to the scope	2,684	—	—	—	—	—	—	2,684
Transfers	1,249	—	—	—	—	—	—	1,249
Amortisation and depreciation	(746)	(225)	—	(1,902)	(2,577)	(10,588)	—	(16,039)
Derecognitions	—	—	—	—	(1,519)	—	—	(1,519)
Other movements	(782)	—	—	—	811	—	(29)	—
Translation differences	—	—	—	(180)	(261)	—	—	(441)
Gross value	135,003	7,607	21,266	25,481	19,426	75,499	211	284,493
Accumulated depreciation	(2,003)	(1,445)	—	(5,546)	(14,152)	(59,312)	—	(82,458)
<b>Net book value 31/12/2022</b>	<b>133,000</b>	<b>6,162</b>	<b>21,266</b>	<b>19,935</b>	<b>5,274</b>	<b>16,187</b>	<b>211</b>	<b>202,035</b>

The recognitions from investment in intangible assets in 2022 as well as in 2023 relate primarily to the development and implementation of a set of computer software, as well as to lease rights in connection with the application of IFRS 16 to certain customer acquisition costs.

Additions to scope in 2023 correspond to the incorporation to the Group of the company Aquiles Power, S.L.U. Likewise, additions to scope in 2022 corresponded to the incorporation to the Group of the companies Ulises Power, S.L., Zeus Power, S.L., Hera Power, S.L., Juno Power, S.L. Diana Power, S.L. and Atlas Power, S.L. (Note 2).

Rights, licences and similar include mainly a set of rights, licences and authorisations related to the development, construction and exploitation of energy generation projects.

The recognition corresponding to the client portfolio includes the client acquisition cost as described in Note 2.23, which is amortised during the expected average life of the client.

Translation differences include, basically, the impact of the valuation of the assets belonging to the investments made in Poland and Hungary. Over the year 2023, the positive impact was mainly due to the appreciation of the Polish zloty and the Hungarian forint.

As at 31 December 2023 the intangible assets still in use and completely amortised amount to EUR 25,422 thousand (EUR 18,938 thousand at 31 December 2022).

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**Goodwill**

The breakdown of goodwill by country is as follows:

	31/12/2023	31/12/2022
<b>Spain and Portugal</b>		
Spain	40,088	40,088
<b>Rest of world</b>		
France	860	860
The Netherlands	94,391	94,391
Poland	2,653	2,459
Italy	4	4
<b>TOTAL</b>	<b>137,996</b>	<b>137,802</b>

**Other intangible assets**

The breakdown of intangible assets by country is as follows:

	31/12/2023	31/12/2022
<b>Spain and Portugal</b>		
Spain	149,998	149,187
Portugal	21,338	21,338
<b>Rest of world</b>		
France	1,949	2,179
Italy	7,844	7,449
Germany	156	233
The Netherlands	7,561	1,863
Poland	1,802	12,714
Hungary	7,303	7,072
<b>TOTAL</b>	<b>197,951</b>	<b>202,035</b>

The breakdown of goodwill and intangible assets of indefinite useful life as at 31 December 2022 and 31 December 2023 classified by country is the following:

	31/12/2023			31/12/2022		
	Goodwill	Other intangible assets	Total	Goodwill	Other intangible assets	Total
Spain	40,088	20,816	60,904	40,088	20,816	60,904
France	860	—	860	860	—	860
The Netherlands	94,391	—	94,391	94,391	—	94,391
Poland	2,653	—	2,653	2,459	—	2,459
Italy	4	450	454	4	450	454
<b>TOTAL</b>	<b>137,996</b>	<b>21,266</b>	<b>159,262</b>	<b>137,802</b>	<b>21,266</b>	<b>159,830</b>

Other intangible assets of definite useful life relate to acquired trademarks.

**Impairment test of assets and profit or loss from disposal of fixed assets:**

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The Audax Renovables Group has conducted impairment tests using cash flow projections in order to determine recoverable amount. The impairment tests were carried out on 31 December 2023 and on 31 December 2022, and it was necessary at 31 December 2023 to provision EUR 2,119 thousand for impairment of tangible assets (reversal of tangible assets impairment provision of EUR 3,172 thousand in 2022).

As at 31 December 2023, after updating the forecasts and evaluating the possibilities of development of the power plants, the Group recorded impairment of the investment made in the company Explotación Eólica la Pedrera, S.L. in the amount of EUR 2,119 thousand.

Additionally, in the year 2023, and as a consequence of the change of the trademark of the Dutch subsidiary, named Audax Renewables Nederland B.V., the net book value of the previous trademark was impaired by the amount of EUR 705 thousand.

Lastly, and as a consequence of the liquidation of Warblewo, a loss on disposal of assets was recorded amounting to EUR 351 thousand.

Consequently, the impairment or loss on disposal of assets amounted in 2023 to EUR 3,175 thousand.

As at 31 December 2022, as a consequence of the improved forecasts of long-term energy sale market prices in Poland, as well as due to the revision of various key assumptions, there was an increase of the recoverable amount of the Postolin wind farm owned by the Group in Poland, which led to a reversal of impairment of tangible assets of EUR 3,172 thousand.

**Determination of the Cash-Generating Units (CGU):**

In order to carry out the impairment tests, the goodwill and the intangible and tangible assets have been allocated to the cash-generating unit (CGU) of the Group according to the kind of business that represents the lowest level to which the goodwill is allocated and is subject to internal control by the management of the Group.

For the purpose of identifying the CGUs, the generation business and the retailing business are considered as different CGUs.

As at 31 December 2023, the identified Cash-Generating Units (CGUs) in operation are as follows:

- Cash-Generating Units of Generation in Spain, Poland and France.
- Cash-Generation Units of Retailing in Italy, the Netherlands, Hungary, Germany, Spain and Poland.

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The recoverable amount of a CGU is determined as the greater of the fair value less the costs of sale and the value in use. In order to calculate the latter, the Group uses cash flow projections based on financial estimates for a minimum period of five years. The cash flows beyond the period of five years are extrapolated using reasonable increase rates, which are never rising or exceeding the increase rates for the sector.

These flows are discounted in order to calculate the current value of a rate before taxes which includes the capital cost of the business and the geographic region in which the business is carried out. Its calculation is made taking into account the current cost of money and the risk premium used generally by the analysts for the business and the geographical area.

In order to calculate the impairment, the right-of-use assets arisen as a consequence of the application of IFRS 16, have been assigned to their relevant CGUs, increasing the book value of each CGU.

Main assumptions used to determine the value in use.

Discount rate

Discount rates have been calculated using the weighted average cost of capital ("WACC"), on the basis of the following variables:

- The temporal value of the money or risk-free rate of each country corresponding to the profitability of 35- to 40-year Government bonds.
- The estimated risk premium considering the estimated betas of comparable companies of the sector and a market risk premium, which are after-tax observable variables.

The breakdown of the weighted average cost of capital after tax (WACC) resulting from the main geographical segments is as follows:

Year 2023:

	<b>2023</b>							
	Spain	France	Poland	Italy	The Netherlands	Hungary	Portugal	Germany
Risk-free discount rate	3.59%	3.12%	4.44%	4.32%	2.56%	4.86%	3.30%	2.56%
Risk premium *	3.09%	3.09%	3.82%	3.80%	4.50%	4.65%	3.81%	4.46%
Capital cost	6.68%	6.21%	8.27%	8.12%	7.05%	9.51%	7.11%	7.02%
Cost of debt	3.54%	3.90%	5.15%	4.13%	3.11%	5.91%	3.92%	2.94%
After-tax weighted average cost of capital**	6.92%	6.20%	7.93%	7.46%	6.30%	8.82%	6.71%	6.24%

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Year 2022:

<b>2022</b>								
	Spain	France	Poland	Italy	The Netherlands	Hungary	Portugal	Germany
Risk-free discount rate	2.51%	1.37%	1.67%	3.07%	1.07%	2.07%	1.97%	1.07%
Risk premium *	5.17%	5.03%	5.21%	5.32%	5.30%	5.54%	5.36%	5.24%
Capital cost	7.68%	6.40%	6.88%	8.39%	6.37%	7.61%	7.34%	6.31%
Cost of debt	3.63%	3.90%	4.30%	5.15%	3.55%	5.26%	4.49%	3.35%
After-tax weighted average cost of capital**	6.30%	5.22%	5.81%	7.32%	5.40%	6.76%	6.36%	5.31%

\* The estimated risk premium is the result of multiplying the estimated beta (sector companies average) by the market risk premium.

\*\* Because the sources of information consulted to obtain the parameters used for the calculation of the discount rate do not offer data before taxes, the Group uses discount rates after taxes. Consequently, and to maintain the coherency of the discount rate with the methodology of calculation of the planned flows, the payment of taxes was taken into account.

The Group uses after-tax weighted average cost of capital differentiated between generation and retail (WACC).

#### Prices

The sale prices of electricity have been estimated on the basis of past experience, external sources of information as well as observable data from the market regarding future prices. For countries in which there are framework agreements on prices, such as Poland and France, the agreed-upon price has been used. An annual increase in prices has been estimated in accordance with the regulatory framework of each one of the countries.

#### Production hours of generation plants

The production hours employed in the calculation of the impairment test have been based, for the operating generation plants, on the average of the historical value of the hours employed in former years (eliminating those years that appear as outliers because of high or low wind levels).

#### Gross margin and growth rates

The Group has determined the gross margin budgeted based on past return and market development expectations. The weighted average growth rates are coherent with the estimates included in the industry reports.

#### Valuation report of power plants under development

The Group refers to the valuation report prepared by the independent firm E&Y, which sustains the book value of the current portfolio.

In addition to the assumptions set out above, the Managers of the Company have taken into account in the preparation of the calculations of recoverable value other business assumptions that are relevant, such as:

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- Estimated life of the projects: In order to determine the number of years to plan in the segment of energy generation, the estimated useful life of the generating equipment, which is of 25 years for wind farms and of up to 35 years for solar farms, has been taken as a reference point.

In regard to the CGUs of energy retailing, cash flows have been planned for the period of 5 years, including residual or terminal values.

- Operating expenses: For future years, the operating expenses have been estimated on the basis of past experience and by applying an estimated inflation rate. The projection of operating expenses does not include lease payments affected by IFRS 16.

- For the wind projects in operation in Spain the value of repowering, which can be carried out in current locations is also included.

- Increase rates: For production projections in the generation segment the estimated production hours were used without projecting any increase. Regarding prices, these are also estimated on the basis of past experience and external information sources, with an increase according to the regulatory framework of each country. With regard to the projections in the energy retailing segment, the volume increase rates have been estimated both for the projected period and for residual values, always based on the knowledge of the market and business expectations in each country. The percentages of the residual value over the total recoverable amount for the main retail CGUs (Cash Generating Units) with goodwill or intangible assets of indefinite life are as follows:

Year	Spain	The Netherlands	Poland	Italy	Germany
2023	87%	72%	80%	76%	85%
2022	78%	66.8%	86%	75%	88%

With regard to the portfolio of photovoltaic projects located in Spain, acquired from Rocío Servicios Fotovoltaicos, S.L.U. (formerly Audax Fotovoltaica, S.L.U.) on 8 May 2019, on 30 December 2020 and on 28 May 2021, as well as the portfolio of photovoltaic projects located in Portugal, acquired on 25 May 2021 from Rocío Servicios Fotovoltaicos, S.L.U. and Audax Green, S.L., and the portfolio of photovoltaic projects acquired from Rocío Servicios Fotovoltaicos, S.L.U. on 11 June 2021, the companies Rocío Servicios Fotovoltaicos, S.L.U. and Audax Green, S.L. being subsidiaries of the Excelsior Times group (the Seller), it is necessary to mention that those acquisitions have substitution clauses for failed or infeasible projects, under which the subsidiaries of the Excelsior Times group, if any of the Projects fails to obtain the permits or licenses necessary for its construction and operation, undertake to compensate the Buyer, meaning Audax Renovables, S.A., by substituting said failed or infeasible projects with other energy production projects of solar photovoltaic technology and similar technical and economic features, with the same number of MW or value in MW, and in a stage of procedure similar to the one agreed between the Parties.

The time frame for substituting those failed projects will be within twenty four plus twelve (24+12) months from the date of the Excelsior Group being notified by Audax of the situation regarding a failed project. As at 31 December 2023 this substitution rights is still applicable.

Moreover, a default on the seller obligation to substitute the failed projects shall involve the obligation of the Seller to reimburse Audax for any amounts paid by Audax to the Excelsior Times Group under the aforementioned purchase and sale agreements, as well as for any amounts invested by Audax in the failed or infeasible projects.

**Impairment test:**

Regarding the CGUs, various scenarios of development of the key assumptions have been considered in order to determine the recoverable value of the individual CGU. However, though in the short term the demand and price fluctuations may affect the margin and the generated cash flow, in the medium and long term individual CGUs may obtain sufficient cash flows to justify the book value of their assets.

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The differences between the recoverable amount and the carrying amount (i.e. the existing "gap") for all of the energy generation CGUs in operation, obtained through the analysis of impairment in the year 2023 are as follows:

<b>Energy generation sector</b>	<b>31/12/2023</b>	<b>31/12/2022</b>
Spain	4,483	9,811
France	3,290	8,157
Poland	+ 10 Million	470
<b>TOTAL</b>	<b>+ 10 Million</b>	<b>18,438</b>

The difference between the recoverable amount and the carrying amount (i.e. the existing "gap") for the entirety of the retailing CGUs of significant book value, obtained through the analysis of impairment in the year 2023 and 2022, is as follows

<b>Energy retailing sector</b>	<b>31/12/2023</b>	<b>31/12/2022</b>
Spain	+ 100 million	+ 100 million
The Netherlands	82,217	87,681
Poland	21,967	43,532

The book value of the retailing CGUs in Hungary, Germany, Portugal is not significant, nor there is a goodwill assigned to these CGUs, therefore corresponding specific information has not been included.

**Sensitivity analysis:**

As already mentioned, there are certain assumptions whose variations could significantly affect the recoverable value of the assets subject to the impairment testing, which are the discount rate and the sale prices of electricity.

Sensitivity assumptions

In order to determine a reasonable variation, the group has taken into account the historical changes of its main variables. With this regard, the changes of the discount rates in the last three years have been as follows:

	Spain	France	Poland	Italy	The Netherlands	Hungary	Portugal	Germany
WACCs 2023	6.92%	6.20%	7.93%	7.46%	6.30%	8.82%	6.71%	6.24%
WACCs 2022	6.30%	5.22%	5.81%	7.32%	5.40%	6.76%	6.36%	5.31%
WACCs 2021	5.12%	4.54%	5.37%	6.89%	5.03%	6.35%	5.95%	4.92%
Changes 2023-2022	9.84%	18.77%	36.49%	1.91%	16.67%	30.47%	5.50%	17.51%
Changes 2022-2021	23.05%	14.98%	8.19%	6.24%	7.36%	6.46%	6.89%	7.93%

Therefore, the Group has considered using the rate of change between 10% and 20% in the discount rates.

Moreover, in order to determine the reasonable variation of the energy price, the Group has considered the historical change in recent years, taking into account the price of electricity in Spain, the following variations have been obtained:



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	(€/MWh)	variation
2018 price	57.29	— %
2019 price	47.68	-17.65%
2020 price	33.96	-28.78%
2021 price	111.39	228.00%
2022 price	167.54	50.41%
2023 price	87.10	-48.01%

Source: annual average of the daily energy market price published by OMIE:  
<https://www.omie.es/>

The Group considers that given the price volatility in the last years, the history of price fluctuation is not a reference point for the purpose of making forecasts. Therefore, in order to analyse the sensitivities to the energy price, the Group has taken into consideration a price change between 10% and 50% in the energy sale price.

Keeping in mind the historical volatility of the variables subject to the sensitivity analysis, the Group considers that the use of this change for the entirety of the variables is a good indicator to analyse the impact of reasonably possible changes in these assumptions on the profit or loss.

#### Generation sensitivity

With regard to the generation sector, the sensitivity of the results to reasonably possible changes in these assumptions, on which the Directors have based their determination of the recoverable amount of the wind farms, is as follows:

<b>Effect on net income (EUR thousand)</b>		
	<b>2023</b>	<b>2022</b>
Increase of the discount rate of 10%	(245)	—
Increase of the discount rate of 20%	(4,275)	(2,872)
Decrease of the discount rate of 10%	—	—
Decrease of the discount rate of 10%	—	—

<b>Effect on net income (EUR thousand)</b>		
	<b>2023</b>	<b>2022</b>
Increase of the sale price of electricity of 10%	—	—
Increase of the sale price of electricity of 50%	—	—
Decrease of the sale price of electricity of 10%	(5)	(3)
Decrease of the sale price of electricity of 50%	(40)	(32)

#### Retailing sensitivity

The recovery amount of the retailing segment CGUs is greater than the net carrying value of its net assets, and changes of fair value in the assumptions would not involve impacts on the impairment of these assets. Therefore, the decrease of the recoverable amount or decrease of the gaps in the situation of increase of the discount rates as at 31 December 2023 and 31 December 2022 for the main CGUs would be as follows:

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	2023	2022
Increase of the discount rate of 10%		
Spain	(34,073)	(54,468)
The Netherlands	(18,522)	(10,300)
<b>Total</b>	<b>(52,595)</b>	<b>(64,768)</b>
Increase of the discount rate of 20%		
Spain	(57,343)	(97,299)
The Netherlands	(33,200)	(20,600)
<b>Total</b>	<b>(90,543)</b>	<b>(117,899)</b>

The gaps between the recoverable amount and the carrying amount of the retailing CGUs are sufficiently wide, as may be observed in the previous table, in order to prevent a reasonable change of the key assumptions from involving a need to record an impairment.

The book value of the retailing CGUs in Hungary, Germany, Italy, Poland and Portugal is not significant, therefore corresponding specific information has not been included.

Moreover, the changes considered to be reasonable with regard to the price of electricity and natural gas of up to 50% have been described. Taking into consideration these changes, the conclusion was drawn that there is no reasonably possible risk for the recoverable amount of the retailing CGUs to be lower than their book value. It should be noted that the Group considers that it will have an adequate exposure to risk through, among others, the hedge contracts and long-term power purchase agreements, which mitigate the changes of the recoverable value of each CGU.

The increase rates used by the Group are based on historical assumptions and on internal and external sources of information. After considering these changes, the conclusion has been drawn that the Group would not undergo impairment provision in the face of reasonable changes of the increase rates used or even of 0 increase rates.

## Note 6 - Property, Plant and Equipment

The movement in the years 2023 and 2022 in the accounts under Property, plant and equipment has been as follows:

	Total tangible assets
<b>Net book value 31/12/2021</b>	<b>117,200</b>
Additions to scope (Note 2)	3,071
Investment	26,342
Divestment	(2,159)
Depreciation charge	(5,810)
Translation differences	3,172
<b>Net book value 31/12/2022</b>	<b>140,012</b>
Cost	169,822
Accumulated depreciation	(29,810)
<b>Net book value 31/12/2022</b>	<b>140,012</b>
Additions to scope (Note 2)	732
Investment	21,922
Divestment	(365)
Depreciation charge	(6,209)
Impairment charge	(2,119)
Translation differences	2,291
<b>Net book value 31/12/2023</b>	<b>156,264</b>
Cost	189,056
Accumulated depreciation	(32,792)
<b>Net book value 31/12/2023</b>	<b>156,264</b>

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The breakdown of the movements of tangible assets itemised by different classes is as follows:

	Land	Structures	Plant and machinery	Equipment, chattels and other fixed assets	Assets under construction and advance payments	TOTAL
Gross value	2	2,822	114,154	9,585	43,259	169,822
Accumulated depreciation	—	(287)	(26,180)	(3,343)	—	(29,810)
<b>Net book value 01/01/2023</b>	<b>2</b>	<b>2,535</b>	<b>87,974</b>	<b>6,242</b>	<b>43,259</b>	<b>140,012</b>
Additions to the scope	—	—	—	—	732	732
Investment	540	69	17,054	611	3,648	21,922
Divestment	—	—	—	(39)	(326)	(365)
Depreciation charge	—	(137)	(5,334)	(738)	—	(6,209)
Impairment	—	—	—	—	—	—
Impairment charge	—	—	—	—	(2,119)	(2,119)
Translation differences	—	—	2,291	—	—	2,291
Gross value	542	2,891	128,153	10,157	47,313	189,056
Accumulated depreciation	—	(424)	(26,168)	(4,081)	(2,119)	(32,792)
<b>Net book value 31/12/2023</b>	<b>542</b>	<b>2,467</b>	<b>101,985</b>	<b>6,076</b>	<b>45,194</b>	<b>156,264</b>

	Land	Structures	Plant and machinery	Equipment, chattels and other fixed assets	Assets under construction and advance payments	TOTAL
Gross value	2	1,313	76,790	9,059	53,498	140,662
Accumulated depreciation	—	(159)	(20,700)	(2,603)	—	(23,462)
<b>Net book value 01/01/2022</b>	<b>2</b>	<b>1,154</b>	<b>56,090</b>	<b>6,456</b>	<b>53,498</b>	<b>117,200</b>
Additions to the scope	—	—	—	—	3,071	3,071
Investment	—	1,509	—	2,685	22,148	26,342
Divestment	—	—	—	(2,159)	—	(2,159)
Depreciation charge	—	(128)	(4,942)	(740)	—	(5,810)
Reversal of impairment	—	—	3,172	—	—	3,172
Transfers	—	—	34,209	—	(35,458)	(1,249)
Translation differences	—	—	(555)	—	—	(555)
Gross value	2	2,822	114,154	9,585	43,259	169,822
Accumulated depreciation	—	(287)	(26,180)	(3,343)	—	(29,810)
<b>Net book value 31/12/2022</b>	<b>2</b>	<b>2,535</b>	<b>87,974</b>	<b>6,242</b>	<b>43,259</b>	<b>140,012</b>

The recognitions from investment in tangible assets are mainly costs incurred in the development and construction of a set of solar power stations.

Additions to scope during the year 2023 correspond to the incorporation to the Group of the company Aquiles Power, S.L.U. Additions to scope in 2022 in turn corresponded to the incorporation to the Group of the companies Ulises Power, S.L., Zeus Power, S.L., Hera Power, S.L., Juno Power, S.L. Diana Power, S.L. and Atlas Power, S.L. (Note 2).

Translation differences include, basically, the impact of the valuation of the assets belonging to the investments made in Poland. Over the year 2023, the positive impact was mainly due to the appreciation of the Polish zloty.

**AUDAX RENOVABLES, S.A. AND SUBSIDIARIES**  
Notes to the Consolidated Annual Accounts for the year 2023  
(EUR thousand)

Financial expenses capitalised in the year 2023 amounted to EUR 1,281 thousand (EUR 1,344 thousand in the year 2022).

As at 31 December 2023, the Group has commitments for the purchase of fixed assets for the amount of EUR 34,029 thousand, whose payment is expected during 2024 and 2025 (EUR 15,319 thousand as at 31 December 2022, whose payment was estimated between 2023 and 2024).

As at 31 December 2023 there are no significant payments nor advance payments to suppliers for the construction of fixed assets registered as an increase of value of assets under construction, nor there were such payments as at 31 December 2022.

As at 31 December 2023 the intangible assets still in use and completely depreciated amount to EUR 409 thousand (EUR 362 thousand at 31 December 2022).

For some of the assets associated to the wind farms there are loans from credit entities under the modality of Project Finance, therefore these assets are pledged as collateral of the loans (Note 14).

It is the strategy of the Audax Renovables Group to take out all the insurance policies deemed necessary to cover the exposure of its property, plant and equipment.

The breakdown of tangible assets by country is as follows:

	31/12/2023	31/12/2022
<b>Spain and Portugal</b>		
Spain	110,983	95,470
Portugal	2,984	2,701
<b>Rest of world</b>		
France	4,734	5,281
Italy	3,851	3,132
Germany	4	6
Poland	32,347	31,738
The Netherlands	964	1,212
Hungary	296	371
Others	101	101
<b>TOTAL</b>	<b>156,264</b>	<b>140,012</b>

The Group assesses regularly the existence of indications which might imply possible impairment of tangible assets, in order to verify if the carrying value of said assets exceeds their recoverable amount. Moreover, as indicated in Note 5, the Group verifies, at least once a year, the possible impairment of the CGUs, so in this respect, the majority of tangible assets are subject to this analysis.

## Note 7 - Investments Accounted for Using the Equity Method

The movement in the year 2023 in investments accounted for by the equity method is as follows:

	01/01/2023	Recognition	Participation in profit (loss)	Translation differences	31/12/2023
<b>Company</b>					
Parque Eólico Toabré S.A.	9,743	—	800	(409)	10,134
Audax Solar SPV XXVII, S.L.	661	—	(2)	—	659
Audax Solar SPV XXVIII, S.L.	661	—	(3)	—	658
Audax Solar SPV XXIX, S.L.	661	—	(2)	—	659
Audax Solar SPV XXX, S.L.	661	—	(2)	—	659
Audax Solar SPV XXXI, S.L.	648	—	(2)	—	646
<b>Total</b>	<b>13,035</b>	<b>—</b>	<b>789</b>	<b>(409)</b>	<b>13,415</b>

The movement in the year 2022 in investments accounted for by the equity method is as follows:

	01/01/2022	Recognition	Participation in profit (loss)	Translation differences	31/12/2022
<b>Company</b>					
Parque Eólico Toabré S.A.	6,751	—	2,958	34	9,743
Audax Solar SPV XXVII, S.L.	662	—	(1)	—	661
Audax Solar SPV XXVIII, S.L.	662	—	(1)	—	661
Audax Solar SPV XXIX, S.L.	662	—	(1)	—	661
Audax Solar SPV XXX, S.L.	662	—	(1)	—	661
Audax Solar SPV XXXI, S.L.	648	—	—	—	648
<b>Total</b>	<b>10,047</b>	<b>—</b>	<b>2,954</b>	<b>34</b>	<b>13,035</b>

During the year 2022 the company Parque Eólico Toabré, S.A. began to generate energy in tests and, therefore, has generated income and profit from the production of the wind farm Toabré of 66 MW. The Group holds 30% of shares of that company.

The most significant information relating to the associated companies and joint ventures consolidated by the equity accounting method is as follows:

At 31/12/2023	Country	Assets	Liabilities	Income	Result	% Shareholding
Parque Eólico Toabré S.A.	Panama	172,314	157,931	24,606	2,671	30.00%
Audax Solar SPV XXVII, S.L.	Spain	45	52	—	(5)	50.00%
Audax Solar SPV XXVIII, S.L.	Spain	58	(66)	—	(5)	50.00%
Audax Solar SPV XXIX, S.L.	Spain	51	(59)	—	(5)	50.00%
Audax Solar SPV XXX, S.L.	Spain	50	58	—	(5)	50.00%
Audax Solar SPV XXXI, S.L.	Spain	50	58	—	(4)	50.00%
<b>Total</b>		<b>172,568</b>	<b>157,974</b>	<b>24,606</b>	<b>2,647</b>	

At 31/12/2022	Country	Assets	Liabilities	Income	Result	% Shareholding
Parque Eólico Toabré S.A.	Panama	175,063	163,246	13,713	9,961	30.00%
Audax Solar SPV XXVII, S.L.	Spain	51	51	—	(3)	50.00%
Audax Solar SPV XXVIII, S.L.	Spain	52	52	—	(3)	50.00%
Audax Solar SPV XXIX, S.L.	Spain	51	51	—	(3)	50.00%
Audax Solar SPV XXX, S.L.	Spain	51	51	—	(3)	50.00%
Audax Solar SPV XXXI, S.L.	Spain	46	46	—	(3)	50.00%
<b>Total</b>		<b>175,314</b>	<b>163,497</b>	<b>13,713</b>	<b>9,946</b>	

The information on these associated companies and joint ventures has been obtained from their not audited financial statements as at 31 December 2023 and 2022.

All these investments have been recorded by the equity method, considering that the Group has significant influence but does not have control over these companies.

The closures of all these companies coincide with the closure of the parent Company, meaning that they begin their fiscal year on 1 January and end it on 31 December.

As at 31 December 2023 and 2022 none of the associated companies is listed on the stock exchange.

## Note 8 – Financial Assets

The breakdown of the financial assets by Class and Category is as follows:

	2023			2022		
	Current	Non-current	Total	Current	Non-current	Total
<b>Assets designated at fair value through profit and loss</b>						
Equity instruments						
Not traded	—	2,353	<b>2,353</b>	—	342	<b>342</b>
<b>Total</b>	<b>—</b>	<b>2,353</b>	<b>2,353</b>	<b>—</b>	<b>342</b>	<b>342</b>
<b>Financial assets at amortised cost</b>						
Unsecured loans						
Floating rate	—	128	<b>128</b>	—	45	<b>45</b>
<b>Total</b>	<b>—</b>	<b>128</b>	<b>128</b>	<b>—</b>	<b>45</b>	<b>45</b>
<b>Trade and other receivables</b>						
Receivables from sales and services	270,205	—	<b>270,205</b>	323,583	—	<b>323,583</b>
Other receivables	36,153	—	<b>36,153</b>	17,948	—	<b>17,948</b>
Less impairment	(52,096)	—	<b>(52,096)</b>	(37,161)	—	<b>(37,161)</b>
<b>Total (Note 10)</b>	<b>254,262</b>	<b>—</b>	<b>254,262</b>	<b>304,370</b>	<b>—</b>	<b>304,370</b>
Loans to group entities (Note 22)	2,974	46,930	<b>49,904</b>	—	46,954	<b>46,954</b>
<b>Total</b>	<b>2,974</b>	<b>46,930</b>	<b>49,904</b>	<b>—</b>	<b>46,954</b>	<b>46,954</b>
Deposits and sureties granted	44,862	8,390	<b>53,252</b>	39,889	20,359	<b>60,248</b>
Fixed-term deposits	75,869	4,514	<b>80,383</b>	73,328	5,902	<b>79,230</b>
Other financial assets	2,898	—	<b>2,898</b>	2,370	1,650	<b>4,020</b>
<b>Total</b>	<b>123,629</b>	<b>12,904</b>	<b>136,533</b>	<b>115,587</b>	<b>27,911</b>	<b>143,498</b>
<b>Total</b>	<b>380,865</b>	<b>59,962</b>	<b>440,827</b>	<b>419,957</b>	<b>74,910</b>	<b>494,867</b>

<b>Equity instruments at fair value through other comprehensive income</b>						
Traded	1,881	—	<b>1,881</b>	976	—	<b>976</b>
Hedge derivatives						
Contracted on organised markets (Note 9)	10,596	5,671	<b>16,267</b>	12,902	14,029	<b>26,931</b>
<b>Total</b>	<b>12,477</b>	<b>5,671</b>	<b>18,148</b>	<b>13,878</b>	<b>14,029</b>	<b>27,907</b>
<b>Total financial assets</b>	<b>393,342</b>	<b>67,986</b>	<b>461,328</b>	<b>433,835</b>	<b>89,281</b>	<b>523,116</b>

Deposits and sureties granted relate mainly to the amounts transferred to the lessors as a guarantee for the existing lease contracts and the amounts paid out as a guarantee for the purpose of operating on the electricity and natural gas market. The amounts are represented at paid out value which does not differ significantly from their fair value.

As at 31 December 2023 the decrease of deposits and sureties granted is primarily the result of the entry into force of the Shell Energy Europe Limited agreement (Note 19).

Fixed-term deposits consist mainly of deposits made to different financial institutions which do not yield interest at market interest rate.

The heading Other current financial assets relates primarily to the Debt Service Reserve Account (DSRA) amounting to EUR 2,873 thousand (EUR 2,341 thousand at 31 December 2022) which constitute an additional guarantee for the bank syndicate and are subject to restrictions in application, as is described in Note 14.

Cash flows generated in the account of other financial assets of the Statement of Cash Flows correspond mainly to new investments in fixed-term deposits, to the guarantees deposited for the purpose of operating on the electricity market, and to the loans granted to third parties. With this regard, the acquisition, settlement, renewal or update of various deposits and sureties have been included in the account of payments and collections of investments in Other financial assets of the Cash flow statement, amounting to EUR 60,226 thousand negative and EUR 55,963 thousand, respectively.

AS at 31 December 2023, the financial assets valuation adjustment, without taking into account the impairment of trade receivables, amounts to EUR 25 thousand.

## Note 9 – Derivative Financial Instruments

The Group is exposed to fluctuations in interest rates since a part of its bank borrowings is made at floating interest rates (Note 17). Therefore, related to its loans, the Group has derivative contracts on variations in Euribor / Wibor interest rates in order to ensure a maximum rate.

Furthermore, the Group entered into hedging contracts as a form of security measure against fluctuations in electricity purchase prices.

As at 31 December 2023 and 31 December 2022 the breakdown of assets and liabilities related to derivative financial instruments is as follows:

	31 December 2023		31 December 2022	
	Non-current	Current	Non-current	Current
<b>Assets arising from derivatives</b>				
Energy price hedges	5,380	10,596	13,230	12,902
Interest rate swaps	291	—	799	—
<b>Total assets</b>	<b>5,671</b>	<b>10,596</b>	<b>14,029</b>	<b>12,902</b>
<b>Liabilities arising from derivatives</b>				
Energy price hedges	4	4,567	7,912	13,392
Interest rate swaps	—	—	—	—
<b>Total liabilities</b>	<b>4</b>	<b>4,567</b>	<b>7,912</b>	<b>13,392</b>

The fair value of the different financial instruments is calculated using the cash flow discount valuation method. The assumptions used in these valuation techniques are based on prices of observable, current market transactions of the same instrument, such as, for example, the interest rate.

Therefore, the variables on which the valuation of the hedging derivatives is based in this section can be observed in an official market (Level 2).

### Interest rate derivatives

The breakdown of derivative financial instruments as at 31 December 2023 and 31 December 2022, their fair value and the breakdown of cash flows (undiscounted) by maturities of interest rate derivatives as at 31 December 2023 and 31 December 2022, is as follows:

	Stratification of Cash flows (undiscounted)					Total
	Value Fair value	At 31/12/2023 (EUR thousand)				
		2024	2025	2026	2027 and following years	
<b>No hedge derivative financial instruments:</b>						
Interest rate swaps	290	313	141	—	—	454

	Stratification of Cash flows (undiscounted)					Total
	Value Fair value	At 31/12/2022 (EUR thousand)				
		2023	2024	2025	2026 and following years	
<b>No hedge derivative financial instruments:</b>						
Interest rate swaps	799	463	412	185	—	1,060

The breakdown of notional values by maturity of the interest rate derivatives as at 31 December 2023 and 31 December 2022 is as follows:



<b>Stratification of notional values</b>					
<b>At 31/12/2023</b>					
<b>(EUR thousand)</b>					
	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027 and following years</b>	<b>Total</b>
<b>No hedge derivative financial instruments:</b>					
Interest rate swaps	1,455	739	—	—	2,194

<b>Stratification of notional values</b>					
<b>At 31/12/2022</b>					
<b>(EUR thousand)</b>					
	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026 and following</b>	<b>Total</b>
<b>No hedge derivative financial instruments:</b>					
Interest rate swaps	1,265	1,349	685	—	3,299

All the Group's interest rate derivatives have been considered as held for trading, because not all of them meet the criteria for the application of hedge accounting established in the IFRS-EU standards, and therefore the fluctuations in the fair value are registered in the profit and loss account.

The fixed interest rate hedged by the different financial instruments the Group owns at 31 December 2023 is of 3.14%.

The variables on which the valuation of the derivatives is based in this section can be observed in an official market (Level 2).

### Electricity derivatives

As at 31 December 2023, the Group holds hedge contracts against the risk of electricity price fluctuation. As at 31 December 2023 the net fair value of these derivative financial instruments is an asset amounting to EUR 11,405 thousand (total asset of EUR 4,828 thousand as at 31 December 2022).

These contracts have been used entirely for the purpose of hedging the price of electricity purchase in the face of possible increase of the market price. There are no hedge derivatives acquired in order to hedge the sale price of electricity or the purchase or sale of natural gas.

The energy price hedge derivatives comply with the IFRS-EU standards for the application of hedge accounting, therefore the changes in the value of these financial instruments are recorded (at the after tax amount) under net equity.

The effect of the cash flow hedge derivatives on the Consolidated Income Statement and Consolidated Statement of Other Comprehensive Income for the year 2023 is the following (in EUR thousand):

	<b>2023</b>
Changes to the Fair Value in Other Comprehensive Income	<b>(3,975)</b>
Amount of Other Comprehensive Income reclassified to Income Statement	6,957
<b>Total Cash Flow Hedge Derivatives</b>	<b>2,982</b>

The balances recorded in equity at each date: EUR 2,982 thousand positive at 31 December 2023, EUR 9,359 thousand negative at 31 December 2022 will be or have been transferred to the profit and loss account.

The breakdown of cash flows (undiscounted) by maturity of electricity derivatives as at 31 December 2023 and 31 December 2022 is as follows:

Stratification of Cash flows (undiscounted)					
At 31/12/2023 (EUR thousand)					
	2024	2025	2026	2027 and following	Total
<b>Hedge derivative financial instruments</b>					
Electricity derivatives	6,219	3,732	176	1,910	12,037

Stratification of Cash flows (undiscounted)					
At 31/12/2022 (EUR thousand)					
	2023	2024	2025	2026 and following	Total
<b>Hedge derivative financial instruments</b>					
Electricity derivatives	(468)	2,405	(52)	3,798	5,683

The breakdown of notional values by maturity of the electricity derivatives as at 31 December 2023 and 31 December 2022 is as follows:

Stratification of notional values					
At 31.12.23 (MWh thousand)					
	2024	2025	2026	2027 and following years	Total
<b>Hedge derivative financial instruments</b>					
Electricity derivatives	(468)	2,405	(52)	3,798	5,683

Stratification of notional values					
At 31/12/2022 (MWh thousand)					
	2023	2024	2025	2026 and following years	Total
<b>Hedge derivative financial instruments</b>					
Electricity derivatives	(8)	(26)	(18)	281	229

## Note 10 - Trade Receivables, Other Receivables and Other Current Assets

The breakdown of Trade and other receivables is as follows:

	At 31/12/2023	At 31/12/2022
Clients	267,721	323,181
Clients, group entities (Note 22)	2,484	402
Other receivables	36,153	17,948
Valuation adjustments for bad debt	(52,096)	(37,161)
<b>Total trade and other receivables(Note 8)</b>	<b>254,262</b>	<b>304,370</b>

Under the heading of "Clients" the Group puts mainly the invoicing amounts corresponding to the months of November and December 2023 that have not yet been collected.

As indicated in Note 2, since the usual time of meters readings does not coincide with the balance sheet date, the Group estimates the volume of sales to customers which has not yet been invoiced. The accumulated balance of electricity and gas retailing which has not yet been invoiced is featured in under the heading "Trade and other receivables". As at 31 December 2023, the estimates of the retailing companies amount to EUR 108,542 thousand (EUR 186,294 thousand as at 31 December 2022).

The movement of valuation adjustments for bad debt in the year 2023 and 2022 is as follows:

	<b>2023</b>	<b>2022</b>
<b>Balance at beginning of year</b>	<b>(37,161)</b>	<b>(30,631)</b>
Allocations	(34,738)	(13,939)
Reversals	4,519	1,298
Releases	15,284	6,111
<b>Balance at beginning of year</b>	<b>(52,096)</b>	<b>(37,161)</b>

In the year 2023 the Group allocated EUR 34,738 thousand to the provision for delayed payment (EUR 13,939 thousand in 2022). The average matrix of provisions, arranged by the age of the trade receivables, is included in Note 17 (section "Credit risk").

The breakdown of "Period adjustments and other current assets" is as follows:

	<b>31/12/2023</b>	<b>31/12/2022</b>
Prepaid expenses for insurance	244	260
Prepaid expenses for commissions	24,051	18,416
Prepaid expenses for renting	152	132
Other prepaid expenses	21,141	30,608
Advances to staff	47	33
Receivables from Public Administrations	17,568	16,793
<b>Total</b>	<b>63,203</b>	<b>66,242</b>

"Prepaid expenses for commissions" correspond to payments of commissions made in advance to commission agents for new clients acquisition, and is transferred to income statement depending on the duration of the contract, which in these instances is a period of one year (Note 2.23).

Of the EUR 18,416 thousand capitalised as prepaid expenses for commissions as at 31 December 2022, the amount of EUR 18,329 thousand was transferred to the profit and loss account during the year 2023. This amount represents 99.5% of the total capitalised and corresponds to the contracts with commissions of annual renewal.

As at 31 December 2023, "Other prepaid expenses" includes payments made in advance for the purchase of energy (electricity and gas to be delivered over the year 2024), principally in Audax Renewables Nederland B.V. (the Netherlands).

As at 31 December 2023, "Receivables from Public Administrations" corresponds mainly to the VAT balances to offset and taxes paid in advance or amounts yet to be recovered. During the year 2022 VAT balances were recovered, which had increased previously in the year 2021 as a consequence of the increase of energy prices (electricity and gas) and the application of new regulatory frameworks, especially in Spain (Note 3).

## **Note 11 - Cash and Other Cash Equivalents**

The heading "Cash and other cash equivalents" includes:

	<b>At 31/12/2023</b>	<b>At 31/12/2022</b>
Cash and banks	229,562	204,630
Short-term investments of high liquidity	634	1,299
<b>Total</b>	<b>230,196</b>	<b>205,929</b>

The Group does not receive significant interest remunerations over cash and other cash equivalents.

As at 31 December 2023, due to the global agreement on market access with Shell Energy Europe Limited (Note 19), there are Spanish accounts subject to this agreement in the amount of EUR 36,654 thousand, whose availability is limited to trade operations and there are certain restrictions to specific non-operating purposes. As well as certain restrictions on cash availability amounting to EUR 5,300 thousand because of certain guarantees related to energy retailing.

As at 31 December 2022 there were no significant restrictions on the disposable cash and cash equivalents.

## **Note 12 – Net Equity**

### **a) Share capital**

The Parent Company was incorporated in Barcelona on 10 July 2000 as a joint stock company for an unlimited duration.

As at 31 December 2023 and at 31 December 2022 the share capital of the Parent Company is represented by 440,291,054 shares of a value of EUR 0.1 each.

The Extraordinary General Meeting of Shareholders of the Parent Company on 2 May 2007 agreed to increase share capital by EUR 37,755,975 through the issue of 37,755,975 ordinary shares with a par value of EUR 1 each, and a share premium of EUR 3 per share.

On 9 July 2007 this capital increase was accounted after it was inscribed in the Registry of the Spanish National Securities Market Commission (CNMV), recorded in a public deed and inscribed in the Mercantile Registry.

On 20 February 2008, the Extraordinary General Meeting of Shareholders of the Parent Company Audax Renovables, S.A. adopted a resolution approving of a transaction under which several business groups made contributions to the Parent Company in the form of companies with operating wind farms and at different stages of administrative process. In consideration thereof, the parent Company made a capital increase with non-cash contributions. This transaction included wind farms in Spain and abroad, specifically in India, France and Poland, and resulted in the incorporation of 562.7 MW and contributions amounting to EUR 274,874 thousand.

On 30 June 2015 the Ordinary General Meeting of Shareholders of Audax Renovables, S.A. agreed to reduce the share capital by decreasing the nominal value of the shares by EUR 0.3 per share. Consequently, the share capital of the Parent Company as at 31 December 2015 and 2016 amounts to EUR 98,003 thousand and is represented by 140,003,778 shares, of a value of EUR 0.7 each. As a result of this transaction a special fund was created amounting to EUR 42,001 thousand.

On 19 May 2016 Audax Energía, S.A. made a bid to purchase 100% of shares of Audax Renovables, S.A. at the price of fifty cent euro (EUR 0.50) per share. On 8 August 2016 the CNMV announced that the offer made by Audax Energía, S.A. had been accepted by the holders of 99,211,899 shares representing 70.86% of the share capital of Audax Renovables, S.A.

On 23 November 2018 the General Meeting of Shareholders agreed unanimously to carry out the merger by absorption of Audax Energía, S.A.U. (legal acquiree) by Audax Renovables, S.A. (legal acquirer), and the subsequent dissolution without liquidation of Audax Energía, S.A.U. As a result of the merger, Audax Renovables, S.A. became the new parent company of the Group. In order to carry out the merger, the General Meeting of Shareholders of the acquiring company, Audax Renovables, S.A., adopted the resolution to increase its share capital by EUR 210,201 thousand by issuing 300,287,276 shares equal to those already existent, cumulative and indivisible, with a nominal value of EUR 0.70 each share, which were attributed entirely to Eléctrica Nuriel, S.L.U. Those shares were issued with a share premium of EUR 0.48 per share, that is EUR 141,368 thousand. The information regarding this transaction is included in the notes to the consolidated annual accounts for the year 2018.

On 29 April 2019, and with the aim to restore the equilibrium to the financial situation of the Parent Company, the General Meeting of Shareholders approved a reduction of the share capital reducing by EUR 0.6 the nominal value of the shares. As a consequence of the share capital reduction there was an increase in the Parent Company's reserves of EUR 264,175 thousand.

The shares of Audax Renovables, S.A. are admitted to trading on the continuous market of the Spanish Stock Exchange. The share quotation as at 31 December 2023 of the Parent Company's shares was of EUR 1.30 per share (EUR 0.75 as at 31 December 2022).

The breakdown of the shareholders with more than 10% of stake of the Parent Company as at 31 December 2023 and 2022 is as follows:

	31/12/2023	31/12/2022
Shareholders	%	%
Eléctrica Nuriel, S.L. (*)	64.35%	64.32%
Rest of Shareholders (**)	35.65%	35.68%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

(\*) Additionally, Eléctrica Nuriel, S.L.U. (company belonging to the Excelsior Times Group) has various rights to purchase 40,000,000 shares of Audax Renovables, S.A., which represent 9.08% of the Company. (\*\*) Excelsior Times, S.L.U. holds 1.47% of direct shares in the Company and Audax Renovables, S.A. holds 800,000 treasury shares corresponding to 0.18% of its share capital.

#### **b) Share premium account**

This account can only be affected by resolutions of the General Meeting of Shareholders of the Parent Company.

#### **c) Legal Reserve**

Companies that report profits will be obligated to appropriate 10% of profit for the year to this reserve until it reaches at least 20% of share capital. This reserve, as long as it does not exceed the limit indicated, can only be used to offset losses if there are no other reserves sufficiently available to do so. On the other hand, it can also be used to increase share capital in the part that exceeds 10% of the capital already increased.

As at 31 December 2023 the Parent Company has a Legal Reserve valued at EUR 8,806 thousand (EUR 8,806 thousand as at 31 December 2022).

#### **d) Treasury shares**

As at 31 December 2023 Audax Renovables, S.A. holds 800,000 treasury shares, which it acquired for the amount of EUR 997 thousand and which reduced the net equity of the Company. The average purchase price amounted to EUR 1.25 per share. The operation was performed in accordance with the share Repurchase Programme approved by the General Meeting of Shareholders on 16 June 2022 establishing the maximum allocated amount of EUR 1,000 and whose purpose is to meet the inherent requirements of the convertible bonds issued by the Company.

As at 31 December 2022 the Parent Company did not own treasury shares.

### e) Translation differences

This account of the consolidated balance sheet includes the net exchange differences arising from the translation into euro of the balances of functional currencies of the consolidated companies whose functional currency is not the euro. As at 31 December 2023 and as at 31 December 2022, the account reflects mainly the impact of the historical price fluctuations of the Polish zloty and the Hungarian forint against the euro.

### f) Distribution of earnings

The proposed distribution of earnings of the Parent Company for 2023 that the Board of Directors will suggest to the General Meeting of Shareholders for its approval is as follows:

<b>Base of distribution</b>	<b>EUR</b>
Profit and loss (loss)	(4,868,014)
<b>Total</b>	<b>(4,868,014)</b>

<b>Base of distribution</b>	<b>EUR</b>
To losses from previous years	(4,868,014)
<b>Total</b>	<b>(4,868,014)</b>

The General Meeting of Shareholders held on 30 June 2023 approved the following allocation of loss for the year 2022 of the Parent Company:

<b>Base of distribution</b>	<b>EUR</b>
Profit and loss (loss)	(1,706,583)
<b>Total</b>	<b>(1,706,583)</b>

<b>Base of distribution</b>	<b>EUR</b>
To losses from previous years	(1,706,583)
<b>Total</b>	<b>(1,706,583)</b>

### Profit / (loss) per share

The breakdown of basic and diluted earnings per share is as follows:

	<b>31/12/2023</b>	<b>31/12/2022</b>
Number of shares	440,291	440,291
Average number of shares (excluding treasury shares)	439,591	440,291
Average number of shares diluted (excluding treasury shares)	439,591	440,291
Profit for the year attributable to the Parent Company (EUR thousand)	29,030	3,539
Profit for the year attributable to the Parent Company diluted (EUR thousand)	29,030	3,539
Profit / (loss) per share (euro per share)		
- <b>Basic</b>	<b>0.066</b>	<b>0.008</b>
- <b>Diluted</b>	<b>0.066</b>	<b>0.008</b>

The basic gain per share is calculated by dividing the profit for the year attributable to the holders of equity instruments of the Parent Company by the weighted arithmetic mean of ordinary shares circulating over the year.

The diluted gain per share is calculated by dividing the diluted profit for the year attributable to the Parent Company by the diluted arithmetic mean of shares.

### Non-controlling interests

The movement during the years 2023 and 2022 of non-controlling shares has been as follows:

<b>Balance at 1 January 2022</b>	<b>11,962</b>
Profit (loss) for the year	4,229
Dividend distribution	(1,224)
Other movements	(1,623)
<b>Balance at 31 December 2022</b>	<b>13,344</b>
Profit (loss) for the year	2,350
Dividend distribution	(44)
Other movements	(3,618)
<b>Balance at 31 December 2023</b>	<b>12,032</b>

The breakdown of the non-controlling interests by entity as at 31 December 2023 and 31 December 2022 is as follows:

	31/12/2023	31/12/2022
Subsidiaries Unieléctrica Energía, S.A.	9,152	9,386
Eoliennes de Beausemblant, SAS	460	455
Audax Solar SPV XV, S.L.U.	2,187	2,190
Masqluz 2020, S.L.	—	856
Others	233	457
<b>Total</b>	<b>12,032</b>	<b>13,344</b>

### Note 13 - Provisions

The breakdown of provisions as at 31 December 2023 and as at 31 December 2022 is as follows:

	31/12/2023	31/12/2022
<b>Non-current provisions</b>		
Provision for liabilities	8	9
Dismantling provision	1,490	1,331
<b>Current provisions</b>		
Provision for liabilities	23,930	4,745
<b>Total</b>	<b>25,428</b>	<b>6,085</b>

### Provision for liabilities

On 14 October 2021 the Regulatory Supervision Chamber of the CNMC resolved on imposing economic sanction of EUR 1,500 thousand on Audax Renovables for the potential irregular conduct in consumer contracts under article 65.43 of Law 24/, 2013 of 26 December, concerning events occurred in the year 2019. Against this sanction the company lodged an administrative appeal with the National High Court, as it does not agree with the reasons stated in the resolution and considers that the final amount of the sanction may be reduced according to the defence arguments; the company is now expecting the date to be assigned for voting and decision.

Additionally, on 12 May 2022 the Competition Directorate issued a Proposition of a Resolution against several companies of the Group, as it considered their conduct as a potential infringement of article 3 of Law 15/2007 of 3 July 2007 on Competition Protection ("LDC"), during the years 2018-2021. The Involved Companies, upon being informed of the Proposed Resolution, did not agree with it and made their relevant representations on 09 June 2022. Subsequently, on the notification date of 13 October 2022, the CNMC council issued a disciplinary decision imposing a sanction of EUR 9,258 thousand.

The Companies lodged a contentious-administrative appeal in due time and form on 13 December 2022. The appeal included a request of precautionary measures in the form of (i) suspension of the obligation to pay the sanction and (ii) suspension of the application of the resolutions concerning the prohibition of entering into contracts with public administrations.

The appeal was admitted for processing by the measure of organisation of 9 January 2023 and on 19 January 2023 Audax Renovables and the involved companies were informed of the date assigned to formalise the claim. Subsequently, the National Court requested that the appeals be lodged separately by each of the Companies, which took place on 21 December 2023. The Companies also had to request again the precautionary suspension of the CNMC Resolution, each of them individually. In the case of Audax, the precautionary suspension was approved by judicial decision announced on 8 January 2023. In the case of the other Companies, no decision is known yet, because the different precautionary suspension requests were filed after lodging the appeal.

The Group understands that there is an infringement of the rights of the companies involved, and that there are no reasons for these proceedings to be carried out, however, in 2022 it considered appropriate to allocate EUR 1,500 thousand to the provision for current liabilities in order to cover the maximum probable sanction risk of these proceedings.

During the year 2023 the Dutch subsidiary of the group, named Audax Renewables Nederland B.V., proceeded to create a provision for onerous contracts because of electricity sale contracts at fixed price in the Netherlands, which has been incorporated as a major provision for liabilities in current liabilities as at 31 December 2023.

### **Dismantling provision**

Over the year 2023, several photovoltaic power plants began operating, therefore the relevant provisions were recorded for the dismantling of these plants.

As at 31 December 2023, the Group has recorded a provision of EUR 1,490 thousand (EUR 1,331 thousand as at 31 December 2022) to cover the costs of dismantling the wind farms and photovoltaic plants that are now in operation.



## Note 14 – Financial Liabilities

The breakdown of the financial liabilities, without including trade and other payables (Note 16), during the years 2023 and 2022 is as follows:

	31/12/2023	31/12/2022
Debt from issue of bonds and other negotiable securities	418,484	458,158
Amounts owed to credit institutions	54,619	66,093
Lease liabilities	19,324	19,207
Financial derivatives liabilities (Note 9)	4	7,912
Other non-current financial liabilities	32,115	34,505
<b>Total non-current financial liabilities</b>	<b>524,546</b>	<b>585,875</b>
	31/12/2023	31/12/2022
Debt from issue of bonds and other negotiable securities	88,821	81,511
Amounts owed to credit institutions	20,850	35,986
Lease liabilities	1,664	1,471
Financial derivatives liabilities (Note 9)	4,567	13,392
Other current financial liabilities	6,005	14,859
<b>Total current financial liabilities</b>	<b>121,907</b>	<b>147,219</b>

Except for the liabilities arising from financial derivatives, the financial liabilities are measured at amortised cost. The financial derivatives liabilities are measured at fair value. The fair value of liabilities bearing fixed interest rate is estimated on the basis of discounted cash flows over the remaining term of that liability. Discount rates were determined according to the market rates available at 31 December 2023 and 2022 on the financial liabilities with similar maturity and credit features.

The movement of financial liabilities during the year 2023 and 2022 has been as follows:

	31/12/2022	Recogni tions	Derecog nitions	Transfers	Change in fair value	31/12/2023
Debt from issue of bonds and other negotiable securities	458,158	682	(7,853)	(32,503)	—	418,484
Amounts owed to credit institutions	66,093	11,203	(1,935)	(20,742)	—	54,619
Finance lease liabilities	19,207	1,757	—	(1,640)	—	19,324
Financial derivatives liabilities (Note 9)	7,912	—	—	—	(7,908)	4
Other financial liabilities	34,505	2,108	(4,498)	—	—	32,115
<b>Total non-current financial liabilities</b>	<b>585,875</b>	<b>15,750</b>	<b>(14,286)</b>	<b>(54,885)</b>	<b>(7,908)</b>	<b>524,546</b>
Debt from issue of bonds and other negotiable securities	81,511	157,519	(182,712)	32,503	—	88,821
Amounts owed to credit institutions	35,986	19,849	(55,727)	20,742	—	20,850
Finance lease liabilities	1,471	1,065	(2,512)	1,640	—	1,664
Financial derivatives liabilities (Note 9)	13,392	—	—	—	(8,825)	4,567
Other financial liabilities	14,859	3,282	(12,136)	—	—	6,005
<b>Total current financial liabilities</b>	<b>147,219</b>	<b>181,715</b>	<b>(253,087)</b>	<b>54,885</b>	<b>(8,825)</b>	<b>121,907</b>

	31/12/2021	Recogni tions	Derecog nitions	Transfers	Change in fair value	31/12/2022
Debt from issue of bonds and other negotiable securities	447,821	53,904	(66,926)	23,359	—	458,158
Amounts owed to credit institutions	81,783	4,387	(6)	(20,071)	—	66,093
Finance lease liabilities	15,326	5,126	(49)	(1,196)	—	19,207
Financial derivatives liabilities (Note 9)	5,387	—	—	—	2,525	7,912
Other financial liabilities	731	34,062	(288)	—	—	34,505
<b>Total non-current financial liabilities</b>	<b>551,048</b>	<b>97,479</b>	<b>(67,269)</b>	<b>2,092</b>	<b>2,525</b>	<b>585,875</b>
Debt from issue of bonds and other negotiable securities	202,993	208,367	(306,490)	(23,359)	—	81,511
Amounts owed to credit institutions	39,599	87,704	(111,388)	20,071	—	35,986
Finance lease liabilities	1,178	1,141	(2,044)	1,196	—	1,471
Financial derivatives liabilities (Note 9)	8,427	—	—	—	4,965	13,392
Other financial liabilities	49,698	2,330	(37,169)	—	—	14,859
<b>Total current financial liabilities</b>	<b>301,895</b>	<b>299,542</b>	<b>(457,091)</b>	<b>(2,092)</b>	<b>4,965</b>	<b>147,219</b>

The breakdown of financial liabilities cash flows in 2023 was as follows:

	31/12/2022	Cash flows movement	Interest payment	Movements which do not involve cash flows	31/12/2023
Debt from issue of bonds and other negotiable securities	539,669	(34,119)	(18,478)	20,233	507,305
Amounts owed to credit institutions	102,079	(30,168)	(2,701)	6,259	75,469
Finance lease liabilities	20,678	—	—	310	20,988
Financial derivatives liabilities (Note 9)	21,304	—	—	(16,733)	4,571
Other financial liabilities	49,364	(11,042)	(596)	394	38,120
<b>Total financial liabilities</b>	<b>733,094</b>	<b>(75,329)</b>	<b>(21,775)</b>	<b>10,463</b>	<b>646,453</b>

Within the cash flows movement the amount of EUR 162,775 thousand is included, corresponding to collections, and the amount of EUR 238,104 thousand, corresponding to payments.

### Bonds and other negotiable securities

In January 2017 Audax Renovables, S.A. registered a programme of corporate promissory notes on the Alternative Fixed-Income Market (MARF) for the maximum amount of EUR 50,000 thousand with a maturity of 2 years. This promissory notes programme has been renewed annually in order to extend its maximum drawn down balance and maturity date.

On 25 April 2022 Audax Renovables, S.A. renewed again this promissory notes programme in order to extend its maturity to 25 April 2023, maintaining the same maximum outstanding balance of EUR 300,000 thousand of the 2021 renewal.

On 17 May 2023, Audax Renovables, S.A. renewed again this promissory note programme under the name of "Audax 2023 Note Programme" with a maximum outstanding balance of EUR 200,000 thousand, and the maturity date on 17 May 2024.

On 21 December 2023 Audax Renovables, S.A. signed issue and subscription commitments with two entities: (i) in order to renew promissory notes subscribed by Andbank España Banca Privada, S.A.U. with maturity in June 2024, an agreement with the same entity Andbank for the subscription of new promissory notes to be issued on MARF in June 2024 for the nominal amount of EUR 24,500 thousand; therefore as at 31 December 2023 it was registered as Liabilities and other negotiable securities, and (ii) other agreement with the related entity The Nimo's Holding, S.L. on the subscription of new promissory notes to be issued on MARF in June 2024 for the nominal amount of EUR 15,500 thousand. In both cases, the new bonds will have a maximum maturity of 2 years from the date of issue.

As at 31 December 2023, the total drawn down balance amounts to EUR 112,369 thousand (EUR 119,510 thousand as at 31 December 2022).

On 19 May 2022 the Company signed an agreement with the Instituto de Crédito Oficial (ICO) obtaining a new credit line in promissory notes guaranteed by the entity for the nominal amount of up to EUR 170 million and a guarantee of up to EUR 119 million. Currently the agreement guarantees 70% of the issues of promissory notes carried out by Audax Renovables on the Alternative Fixed-Income Market (MARF) in the framework of the programme which the company maintains active with the limit of EUR 200 million and with a maximum maturity of 2 years.

In the year 2022 a new disposition of the promissory note programme was carried out with the company Toro Finance for the amount of EUR 15,000 thousand, which was wholly redeemed in June 2022.

During the years 2017 and 2018 the Company approved programmes for issuing plain bonds on the Alternative Fixed-Income Market (MARF) for the total amount of EUR 135,000 thousand with maturity in 2022 and 2023.

In 2020 the Company carried out a swap transaction and an early and partial redemption of those bond programmes from previous years, for a new issue of green bonds under its programme "EUR 400,000,000 Senior Unsecured Notes Programme Audax Renovables, S.A. 2020". As a consequence, the Company in December 2020 issued bonds for the amount of EUR 200,000 thousand at an interest rate of 4.20% and with maturity on 18 December 2027. This new issue was subscribed partly by the previous holders of the 2017 and 2018 emissions, and partly by new investors.

On 15 June 2021 the Company increased the issue by EUR 100,000 thousand under the name of "Issue Number 3 of Senior Unsecured Notes of Audax Renovables, S.A. 2020" on the same terms.

The Company proceeded to renew this bond programme in 2021, by replacing the one from 2020, and on 11 August 2022 proceeded again to renew this programme under the name of "EUR 400,000,000 Senior Unsecured Notes Programme Audax Renovables, S.A. 2022", which replaced the one from 2021.

As at 31 December 2023, the outstanding balance of this bond amounts to EUR 278,300 thousand (EUR 289,600 thousand as at 31 December 2022).

During the year 2023 the 2018 bond was redeemed for the nominal amount of EUR 16,300 thousand corresponding to those bondholders who did not adhere to the swap operation of the Company. The amount of the 2017 bond had been already redeemed entirely in previous years.

During the year 2023 Audax Renovables acquired the notes issued on the Alternative Fixed-Income Market (MARF) within the programme "Senior Unsecured Notes of Audax Renovables, S.A. 2020" with maturity on 18 December 2027, for the amount of EUR 7,903 thousand, lower than the nominal value of EUR 11,300 thousand at which they were issued, which involved a financial net gain of EUR 3,397 thousand.

In the year 2022 Audax Renovables also acquired the notes issued within this programme for the amount of EUR 6,184 thousand, lower than the nominal value of EUR 10,400 thousand at which they were issued, which involved a financial net gain of EUR 4,216 thousand.

On 18 November 2020 the Board of Directors of the Company approved the issue of senior plain green convertible unsecured bonds (hereinafter "the convertible bonds") for the amount of EUR 125,000 thousand of nominal value and at the annual interest rate of 2.75% payable half-yearly, with maturity on 30 November 2025.

The convertible bonds may be converted in ordinary shares of the Company, either of a new issue or those already issued on the continuous market. The conversion option has an underlying of 51.7 million shares of the Company, which correspond to 11.74% of the total of issued shares. The General Meeting of Shareholders of 21 April 2021 of the company approved the convertibility option, maintaining certain conditions, such as the exclusion of the pre-emptive subscription rights in order to allow the issuance of shares to which this conversion would apply, and the Shareholders' resolutions need to be notarised and together with the amendment to the notarial deed on the issue of convertible bonds need to be registered in the Commercial Register.

The bonds include an option for the investor to convert them into a fixed number of shares at a previously fixed price. Although at the closing date of 2020 the convertibility option had not yet been added to the terms of the instrument, at that date existed a commitment of the majority shareholder to vote in favour of its approval at the General Meeting of Shareholders.

The option of early repayment of the bond, which assists to the bondholders, may be exercised in a scenario of change of control of the Group, takeover bid, halt in the trading of its shares or when the floating capital is lower than 10% of the total of shares. The Group has implemented the accounting policy of initially measuring the financial liability component at the better estimation of the current value of the interest and the repayment price of the bond, assigning the residual amount to the equity component. For the purpose of this estimation, it has been considered improbable that any of the contingent circumstances, on which the exercise of the early redemption option depends, would arise before the ordinary maturity date of the bond.

Once the bonds are made convertible, the holders will have the right to convert the bond into shares of new issue or into existing shares (to be decided by the Company) at the conversion price of EUR 2.42 per share. The conversion option may be exercised from the moment in which the conversion is declared approved.

Additionally, the Company has the option of early redemption of convertible bonds if certain predetermined conditions are fulfilled. This option could have been exercised at the third anniversary of the bond issue, i.e., in November 2023, at the price of 130% of the nominal of the bond. As at 31 December 2023 this option has not been exercised yet.

Due to the contingent call provisions mentioned before, the instrument is presented as a financial liability.

Issuing of bonds is subject to meeting certain financial ratios. As at 31 December 2023 all the established ratios are met.

The amount disclosed under the Liabilities and other negotiable securities as at 31 December 2023 includes the debt to be repaid as a consequence of the issuance of said bonds and promissory notes in current and non-current liabilities.

Current liabilities include financial expenses that had been accrued but not paid at the balance sheet date of 2023 and 2022.

The net cash flow shown in the Cash Flow Statement as collections and payments for financial liability instruments for Bonds and other negotiable securities was the negative amount of EUR 34,119 thousand, the positive amount of EUR 137,770 thousand for the issue of new promissory notes, and a negative amount of EUR 171,889 thousand of payments for the redemption of bonds and promissory notes.

### **Amounts owed to credit institutions**

The breakdown of the Group's bank loans is as follows:

	31/12/2023	31/12/2022
Project Finance	22,913	14,581
Loans	31,706	51,512
<b>Total non-current</b>	<b>54,619</b>	<b>66,093</b>

	31/12/2023	31/12/2022
Project Finance	2,515	3,657
Loans	17,947	17,211
Lines of credit	5	105
Reverse factoring and similar	383	15,013
<b>Total current</b>	<b>20,850</b>	<b>35,986</b>

As at 31 December 2023 the average effective interest rate of the bank loans is of 5.69% (3.50% as at 31 December 2022).

### Project Finance

Under the Project Finance scheme the shares of the borrower are pledged, thus reducing the Group's guarantee and risk.

In 2023 ADX Sonne, S.L.U., a company 100% of which is owned by Audax Renovables, S.A., signed a bullet loan agreement for its subsidiaries involved in photovoltaic energy production. This loan, named Minuro project, has been led by the European Investment Bank (EIB) in the total amount of EUR 66,000 thousand with maturity in 2029 and will allow to boost the set-up of a solar projects portfolio of 141 MWp of total capacity. As at 31 December 2023 only the companies Zurván Gestión de Proyectos, S.L. and Ulises Power, S.L. have received payments in the amount of EUR 5,542 thousand and EUR 3,249 thousand respectively, and subsequent payments up to the whole amount are scheduled throughout the year 2024.

As at 31 December 2023 also the company Eólica Postolin Sp. z.o.o. has a loan agreement with credit institutions, in the Project Finance scheme, under which the entirety of its shares are pledged.

These loans include conditions, which impose limitations on dividend distribution and require the fulfilment of certain minimum ratios. As at 31 December 2023 all requirements specified in those contracts are met and no breach is expected to arise by the closing date of the next financial year.

In the year 2023 Eólica del Pino S.L. and Eólica el Pedregoso S.L. proceeded to repay entirely their debt under the modality of Project Finance. Eoliennes de Beausemblant, SAS, in turn, repaid entirely its loan in 2022.

Furthermore, these loans require that companies record a Debt Service Reserve Fund (FRSD) through their bank accounts as additional guarantee for the lenders. At the balance sheet date of the year 2023 and 2022 the following amounts are held as guarantee:

Company	31/12/2023	31/12/2022
Eólica el Pedregoso, S.L.	693	715
Eólica del Pino, S.L.	362	362
Eólica Postolin Sp. z o.o.	1,364	1,264
Ulises Power, S.L.	168	—
Zurván Gestión de Proyectos, S.L.	286	—
<b>Total</b>	<b>2,873</b>	<b>2,341</b>

The companies Eólica del Pino, S.L and Eólica el Pedregoso, S.L., though they repaid entirely their Project Finance loans, they have not yet recovered the amounts allocated to the Reserve Fund.

These reserve funds have not been considered as Cash and other cash equivalents, but they were incorporated into the account of Other current financial assets, as indicated in Note 8.

#### Loans and lines of credit

The main loans and lines of credit of the Group are as follows:

As at 31 December 2023, the Parent company has outstanding balances of a loan agreement signed in 2021 with Cofides for the amount of EUR 9,700 thousand, which is due in 2028, and a loan agreement signed with Gedesco Innovfin, S.L in 2020 for the amount of EUR 4,815, which is due in 2025.

The outstanding balance of these loans as at 31 December 2023 amounts to EUR 11,405 thousand (EUR 12,609 thousand as at 31 December 2022).

Additionally, the Parent Company and other companies of the Group signed loan agreements (ICO) in 2020 with various financial entities. These loans were covered by a line of guarantees for businesses and sole traders, approved by the Royal Decree-Law 8/2020 of 17 March 2020 on urgent extraordinary measures to tackle the economic and social impact of COVID-19, under which the Ministry of Economic Affairs and Digital Transformation issues guarantees to the loans granted by the credit institutions to the businesses and sole traders in order to help maintain the employment and alleviate the economic effects of the crisis, and the maturity of these loans was between 2022 and 2025..

In 2021 the Parent Company and other companies of the Group proceeded to renegotiate with various financial institutions some of the loans (ICO) signed during the year 2020, in order to postpone the maturity dates of the loans. As at 31 December 2023, the maturity date of the ICO loans of the Group is between 2024 and 2028.

As at 31 December 2023, the outstanding principal of the ICO loans of the Group amounts to EUR 36,082 thousand (EUR 51,545 thousand as at 31 December 2022).

In 2022 Audax Italia entered into a loan agreement with the entity Unicredit for the amount of EUR 3,500 thousand with maturity in 2026 and an interest rate of 2%. As at 31 December 2023 the outstanding balance amounts to EUR 2,333 thousand (EUR 3,267 thousand as at 31 December 2022).

Also in 2022 Unieléctrica Energía, S.A. entered into a loan agreement with the entity Caja Rural del Sur for the amount of EUR 2,000 thousand with maturity in 2025 and an interest rate of 2.5%. This loan was early repaid in 2023.

#### Reverse factoring

The reverse factoring contracts of the Group relate mostly to the loans obtained by the Group from diverse financial institutions in order to finance the payment of invoices to suppliers and creditors when the invoices become due. Usually the maturity period of these loans is 60 to 120 days. In this sense, the term does not include transactions carried out between Group companies.

Therefore, we consider the nature of the transaction as financial, including the liability arising in short-term amounts owed to credit institutions.

There are no deposits or guarantees associated with these transactions.

The net cash flow shown in the Cash Flow Statement as collections and payments for financial liability instruments of amounts owed to credit institutions was the negative amount of EUR 30,169 thousand, EUR 25,005 thousand of collections from acceptance of new loans, and EUR 55,174 thousand of payments for the settlement of various loans.

## Other financial liabilities

The breakdown of other financial liabilities is as follows:

	31/12/2023	31/12/2022
Accounts payable to Group companies (Note 22)	31,226	33,651
Other debts	889	854
<b>Total non-current</b>	<b>32,115</b>	<b>34,505</b>
	31/12/2023	31/12/2022
Accounts payable to Group companies (Note 22)	5,037	14,066
Other debts	968	793
<b>Total current</b>	<b>6,005</b>	<b>14,859</b>

The following table describes consolidated gross financial liabilities as at 31 December 2023 and 2018 and their maturity dates, taking into account the impact of the derivatives, other financial liabilities and trade payables and other payables:

	Up to one year	two to three years	four to five years	more than five years	Total financial liabilities
Trade and other payables	246,711	—	—	—	246,711
Debt from issue of bonds and other negotiable securities	88,821	141,830	276,654	—	507,305
Amounts owed to credit institutions	20,850	28,966	12,042	13,611	75,469
Lease liabilities	1,664	3,407	2,726	13,191	20,988
Financial derivatives liabilities (Note 9)	4,567	4	—	—	4,571
Other financial liabilities	6,005	4,075	3,094	24,946	38,120
<b>Total</b>	<b>368,618</b>	<b>178,282</b>	<b>294,516</b>	<b>51,748</b>	<b>893,164</b>

As at 31 December 2023 and 31 December 2022, the following financial liabilities are subject to the requirement of meeting certain minimum ratios or to clauses which, if not complied with, may result in declaring the payment immediately due.

	2023	2022
Bond of nominal value €300M approved in December 2020	278,300	289,600
Convertible bond of nominal value €125M approved in November 2020	125,000	125,000
Project Finance	15,361	18,329
Minuro Loan (EIB)	8,791	—
<b>Total</b>	<b>427,452</b>	<b>449,644</b>

With regard to the Bonds, the conditions to be fulfilled refer to the ratios of Net financial debt/Ebitda. With regard to the Project Finance the ratios concern "Cash flows generated in a year / Debt service of the Project finance" coefficient, as well as leverage ratios.

As at 31 December 2023 the Group meets all the requirements established in the aforementioned loan agreements.

## Note 15 - Subsidies

In 2015 and 2016 the company Eólica Postolin Sp. z o.o. received non-repayable grants from the European Union through the Polish Ministry of Economy for the construction of its wind farm amounting to PLN 38,354 thousand (EUR 9,019 thousand). The received subsidies are recorded in the profit (loss) according to the depreciation of the wind farm. In 2023 the amount of EUR 259 thousand (EUR 251 thousand in 2022) was recognised as "Other operating income".

## Note 16 - Trade Payables, Other Payables and Other Current Liabilities

### Accounts payable

The breakdown as at 31 December 2023 and 2022 is as follows:

	At 31/12/2023	At 31/12/2022
Suppliers	218,236	204,730
Suppliers, group entities (Note 22)	627	3,352
Other payables	24,568	31,360
Staff	3,280	1,694
<b>Trade and other payables</b>	<b>246,711</b>	<b>241,136</b>

Most of the accounts payable fall due between 30 and 90 days and no interest accrues on them.

As indicated in Note 2, since the usual time of meters readings does not coincide with the balance sheet date, the Group estimates the invoiced amounts which have not yet been received. As at 31 December 2023, the estimation of invoiced amount that have not yet been received for the electricity and gas fees, arising from the energy supplied but not yet invoiced, amounts to EUR 18,052 thousand (EUR 21,305 thousand as at 31 December 2022) and is included in the balance sheet. Additionally, there is an estimate related to the invoices for energy purchase not yet received, amounting to EUR 80,336 thousand (EUR 134,691 thousand at the end of the year 2022).

For those companies of the Group, which have their tax residence in Spain, we set out below the information required by third additional disposition of Law 15/2010 of 5 July 2010 as amended by third final disposition of Law 18/2022 of 28 September 2022, which establishes measures against delayed payment in business transactions and, among other aspects, regulates the payment period in commercial relations between businesses or between businesses and Administration, in accordance with the provisions of the Resolution of the Accounting and Auditing Institute on the information to be included in the notes to the annual accounts with regard to the average period of payment to suppliers and providers in business transactions, published in the BOE on 19 October 2022.

	2023	2022
	Days	Days
Average period of payment to suppliers (*)	35	14
Paid transactions ratio	39	13
Transactions with outstanding payment ratio	36	14
	<b>Amount in EUR thousand</b>	
Total payments carried out	619,778	1,176,948
Total outstanding payments	60,654	44,206
	<b>30 days</b>	
Monetary value paid in Euro (EUR thousand)	559,149	1,083,606
Percentage of the total monetary value of payments to suppliers	90%	92%
Number of invoices paid	2,147,497	2,433,519
Percentage of the total of invoices paid to suppliers	94%	92%

(\*) Under the law 11/2013 of 26 July, the maximum legal time limit for payment, applicable to the companies of the Group which have their tax residence in Spain, is of 30 days, except for the case when by agreement a longer time period is established, which under no circumstances can exceed 60 days.

The payments detailed in the above table as payments to providers refer to those which by their nature are trade payables for debts with suppliers of goods and services, in such a way that they include the needed information for the 'Other creditors' account found as current liabilities in the consolidated balance sheet.



## Other current liabilities

The breakdown as at 31 December 2023 and 2022 is as follows:

	At 31/12/2023	At 31/12/2022
Public administrations and similar	109,173	89,085
Time adjustments of current liabilities	1,445	2,040
Advance payments from clients and other current payables	35,395	46,515
<b>Other current liabilities</b>	<b>146,013</b>	<b>137,640</b>

As at 31 December 2023 and 31 December 2022 the liabilities with public administrations and similar correspond to liabilities arising from current transactions. It consists mainly of taxes charged to the clients, not yet settled at the closing date of the year (value-added tax and special taxes), mainly concerning the Group company Audax Renewables Nederland B.V. (the Netherlands). The majority of these taxes were paid off in January and February of the following year.

As at 31 December 2023 "Advance payments from clients and other current payables" is comprised mainly of advance payments to the clients of the company of the Group - Audax Renewables Nederland B.V. (the Netherlands).

As at 31 December 2022 "Advance payments from clients and other current payables" is comprised mainly of advance payments to the clients of the companies of the Group - Audax Renewables Nederland B.V. (the Netherlands) and Audax Gas Trading, K.F.T. (Hungary).

## Note 17 – Risk Management

The Audax Renewables Group, in general terms, considers to be a risk any eventuality or contingency which might impede the Company's ability to successfully fulfil its business objectives.

In this regard, the Group is exposed to several risks which are inherent in different countries and markets where it operates and which can prevent it from achieving its objectives and successfully implementing its strategies. For that reason the Board of Directors, aware of the importance of this aspect, encourages the implementation of necessary mechanisms for significant risks to be correctly identified, managed and controlled.

The Audax Group has an organisation and systems, which allow it to identify, measure and control the financial risks to which it is exposed.

- a) According to the above, any activity aimed to control and mitigate the risks will be subject to the following basic principles of procedure: Integrate the risk-opportunity vision in the management and strategy of the Company.
- b) Ensure an appropriate separation of duties to guarantee an adequate level of independence.
- c) Constant evaluation of the mechanisms for hedging, transfer and mitigation, in order to ensure their suitability and the implementation of the best market practices.
- d) Guarantee the proper use of risk hedging instruments.
- e) Inform about the risks for the Group and about the implemented systems to mitigate them.
- f) Adjusting the Group's risk policy to all the specific policies which need to be developed in regards to risks.
- g) Ensure the adequate compliance with the Corporate Governance rules.

## Interest rate risk

The Audax Group confronts the risk related to its financial liabilities insofar as the interest rate fluctuations affect its cash flows and fair value.

Cash and bank accounts, as well as the Group's financial debt, are exposed to the interest rate risk, which might have adverse effect on the financial profit and loss and cash flows.

The fluctuations in interest rates modify the fair value of the financial assets and liabilities on which a fixed interest rate is accrued as well as the cash flows from the financial assets and liabilities indexed to a floating interest rate, and, accordingly, they impact both net equity and net income, respectively.

Any rise of interest rates would increase the Group's financial expenses related to the part of its debt indexed to a floating interest rate, which would be mitigated by the interest rate hedging policy.

The purpose of interest rate risk management is to maintain a balance between floating and fixed rates on debt in order to reduce the costs of borrowings within the established risk parameters.

On the entirety of the issued bonds an interest at a fixed rate is accrued (Note 14). Furthermore, the Audax Renovables Group uses financial swaps to manage its exposure to interest rate fluctuations.

The structure of Obligations and amounts owed to credit institutions as at 31 December 2023 and 31 December 2022, taking into account the hedges through derivative contracts, is as follows:

	At 31/12/2023	At 31/12/2022
Fixed interest rate	525,170	568,268
Floating interest rate	57,604	73,480
<b>Total</b>	<b>582,774</b>	<b>641,748</b>

The floating interest rate is subject mainly to the fluctuations of the European Interbank Offered Rate (Euribor). The sensitivity of the income to the fluctuation in interest rates is as follows:

	Interest rate increase /(decrease)	Effect on profit and loss before tax
2023	10%	(417)
	(10)%	417
2022	10%	(220)
	(10)%	220

This effect does not include the impact that would result from interest rate fluctuations on asset impairments, considered in Note 5.

### Exchange rate risk

The variations in exchange rates can affect the fair value of the investments and of the debt denominated in non-local or non-functional currencies and the transactions and investments denominated in non-euro currencies, and, accordingly, the counter-value of net equity and net income.

The main non-euro currencies with which the Audax Renovables Group operates in 2023 and 2022 are the US dollar, the Polish zloty and the Hungarian forint.

As at 31 December 2023 there were negative differences in the amount of EUR 4,702 thousand, resulting mainly from trade transactions between Hungarian forint and the euro, carried out by the subsidiary in Hungary..

### Price of electricity and gas risk

The Audax Renovables Group is exposed to the risk of fluctuations in electricity and gas prices, primarily through the operations of purchase and sale of energy, which are carried out on national and international markets. In the short and medium term price fluctuations are managed through specific hedging transactions, generally through the means of derivatives.

Apart from buying derivatives, the Group manages the price risk through long-term power purchase agreements with the power plants of the Group and of third parties.

Exposure to price fluctuations is controlled through controlling risk limits as a measure of balance between the expected return and the risk undertaken. The portfolio positions are revised periodically on the basis of Value at Risk, in compliance with the established limits.

Additionally, specific analyses are carried out, from the risk perspective, of the impact of certain transactions considered as relevant in the risk profile of Audax and in compliance with the established limits.

With regard to natural gas, the exposure to this risk is managed and mitigated by trying to balance the exposures to commodities through bilateral contracts with physical delivery based on the forecast regarding customers' consumption.

The sensitivity of the net income and equity to the market price fluctuations in the main commodities is as follows:

The sensitivity of net income and equity (Other equity components) to the variation in electricity and gas sale prices, taking as a reference the variation of the sale price in the daily electricity and gas market, is as follows:

	Electricity price fluctuation	Effect on profit and loss before tax	Effect on equity
2023	10%	289	(3,088)
	(10)%	(289)	3,088
2022	10%	(1,948)	(159)
	(10)%	1,948	159

	Natural gas price fluctuation	Effect on profit and loss before tax	Effect on equity
2023	10%	150	85
	(10)%	(150)	(85)
2022	10%	(9)	(5)
	(10)%	9	5

This effect does not include the impact that would result from fluctuations in the electricity sale price on asset impairments, considered in Note 5.

### Credit risk

The credit risk lies in that the counterparty to an agreement might fail to fulfil their contractual obligations, thus bringing about economic or financial loss. The counterparties can be end customers or providers, counterparties on financial markets or on commodity markets, partners.

The Group, even though it has no significant credit risk concentrations in the energy retailing activity, does keep policies to ensure that the energy is sold to the clients with appropriate credit history, e.g. sales carried out through analysis of client scoring before signing the contract.

The designation of an existing credit risk as bad debt is established according to the implemented accounting principles (Note 2) based on an estimate of expected loss. In addition, in Spain a complementary individual analysis is carried out for the unpaid credits older than 180 days, clients in state of insolvency as well as the clients with relevant proceedings initiated against them.

As at 31 December 2023 the provision for bad debts reached the amount of EUR 52,096 thousand (EUR 37,161 thousand as at 31 December 2022).

The average matrix of provisions, arranged by the age of the trade receivables as at 31 December 2023 and 2022, is as follows:

<b>At 31/12/2023</b>	<b>Not expired</b>	<b>0-30 days</b>	<b>31-60 days</b>	<b>61-90 days</b>	<b>91-120 days</b>	<b>121-180 days</b>	<b>&gt; 180 days</b>
% not collected	0.06%	0.93%	6.53%	38.61%	45.87%	36.51%	84.98%

<b>At 31/12/2022</b>	<b>Not expired</b>	<b>0-30 days</b>	<b>31-60 days</b>	<b>61-90 days</b>	<b>91-120 days</b>	<b>121-180 days</b>	<b>&gt; 180 days</b>
% not collected	0.08%	0.48%	1.09%	2.50%	4.82%	11.43%	75.30%

The matrix, stated in EUR thousand, presents a summary of the average provision rates, distributed by age of trade receivables based on the information from the companies belonging to the Group. In this regard, the percentage specified indicates the volume of global provision existing over the entirety of the clients of this group.

The breakdown of trade receivables and its provision as at 31 December 2023 and 2022 by these categories is as follows:

<b>At 31/12/2023</b>	<b>Not expired</b>	<b>0-30 days</b>	<b>31-60 days</b>	<b>61-90 days</b>	<b>91-120 days</b>	<b>121-180 days</b>	<b>&gt; 180 days</b>	<b>TOTAL</b>
Clients and similar	149,598	49,617	4,504	2,111	1,633	3,117	57,141	<b>267,721</b>
Provision	85	459	294	815	749	1,138	48,556	<b>52,096</b>

<b>At 31/12/2022</b>	<b>Not expired</b>	<b>0-30 days</b>	<b>31-60 days</b>	<b>61-90 days</b>	<b>91-120 days</b>	<b>121-180 days</b>	<b>&gt; 180 days</b>	<b>TOTAL</b>
Clients and similar	173,294	57,486	19,768	10,072	6,509	9,770	46,282	<b>323,181</b>
Provision	134	278	215	252	314	1,117	34,851	<b>37,161</b>

The movement of the provision for expected losses is specified in Note 10.

In order to mitigate the credit risk arising from commercial positions, the Group holds bad debt insurance policies. As at 31 December 2023, the maximum sum insured is of EUR 661 million (EUR 476 million as at 31 December 2022).

Moreover, in order to mitigate the credit risk arising from financial positions, the Group allocates cash surpluses in high solvency banks and financial institutions, limiting the time horizon of the open positions as well as the credit quality of the counterparties in financial transactions.

As at 31 December 2023 and 2022 the Group did not have significant credit risk concentrations.

### Liquidity risk

Prudent liquidity risk management derives from the need of financing the Group's activity by temporary differences between the needs and cash generation and involves maintaining sufficient cash and marketable securities and the availability of funding through a sufficient amount of committed credit facilities as well as sufficient ability to close out market positions.

Debt financing is an important source of finance for the Audax Renovables Group. The Group's aim, whenever possible, is to carry out its financing activities in a centralised way. However, circumstances may arise, under which the Group may consider it essential or more beneficial to have the financing available at the subsidiary level. This means that the majority of financing is carried out at the level of Audax Renovables, S.A. or through instruments with irrevocable guarantee granted by Audax Renovables, S.A.

Exposure to unfavourable situations on the capital or debt markets or the Group's own adverse economic and financial situation could potentially hinder or impede its ability to meet the financial needs necessary to properly conduct its business activities. The Group's liquidity policy is focused on ensuring fulfilment of the obligations to pay entered into, without resorting to obtaining funds on burdensome conditions. This prudent liquidity risk management derives from the need for financing the Group's activity by temporary differences between the needs and cash generation and is based on divers management measures such as maintaining sufficient cash and marketable securities, the availability of funding through a sufficient amount of committed credit facilities, diversifying the maturity dates of the issued debt, as well as sufficient ability to close out market positions at a given moment.

Management follows up the liquidity reserve forecasts of the Group (which includes the availability of credit and cash or cash equivalents) on the basis of the expected cash flows. The schedule established for expected cash flows of financial debt (without taking into account financial interests) is included in Note 14, to which the payments corresponding to Trade and other payables maturing in 2024 should also be added (Note 16).

As at 31 December 2023 available liquidity amounts to EUR 230,196 thousand, which entirely belong to cash and other cash equivalents (EUR 205,929 thousand as at 31 December 2022).

## Capital management

The purpose of capital risk management is to maintain an appropriate ratio between internal and external financing (financial liability).

The leverage ratio is as follows:

	At 31/12/2023	At 31/12/2022
<b>Non-current financial liabilities</b>		
Bonds and other negotiable securities	418,484	458,158
Financial liabilities to credit institutions	54,619	66,093
Lease liabilities	19,324	19,207
Other financial liabilities	889	854
<b>Current financial liabilities</b>		
Bonds and other negotiable securities	88,821	81,511
Financial liabilities to credit institutions	20,850	35,986
Lease liabilities	1,664	1,471
Other financial liabilities	968	793
<b>Derivatives</b>	<b>(11,696)</b>	<b>(5,627)</b>
<b>Cash and other cash equivalents</b>		
Other financial assets	(101,475)	(84,573)
Cash and other cash equivalents	(230,196)	(205,929)
<b>Net financial debt:</b>	<b>262,252</b>	<b>367,944</b>
Of the Parent Company (Note 12)	161,220	122,429
Of the minority interests (Note 12)	12,032	13,344
<b>Net equity:</b>	<b>173,252</b>	<b>135,773</b>
<b>Leverage (Net financial debt / (Net financial debt + Net equity))</b>	<b>60.2%</b>	<b>73.0%</b>

Net financial debt includes lease liabilities as a consequence of applying IFRS 16 in the amount of EUR 20,988 thousand (EUR 20,678 thousand as at 31 December 2022). If these liabilities were to be omitted, as at 31 December 2023 the net financial debt would be reduced to EUR 247,733 thousand (EUR 347,266 thousand as at 31 December 2022) and the leverage would be of 58.7% (71.9% as at 31 December 2022).

The financial assets as well as financial liabilities to Group companies or related companies have been excluded from net financial debt.

### **Guarantee terms risk**

In order for the Group to be able to carry out its activity, it has to provide the guarantees connected to the electricity purchase. The guarantees are provided in the form of guarantees issued by a bank and/or an insurance company, some of which are secured by the positive net liquidity position of the Group.

Should the financial institutions that grant the guarantees decide to cancel them, the Group's retailing activity would become limited, which could, to some extent, affect its viability. Likewise, if those financial institutions modified substantially the terms of the guarantees they had granted (cost, validity, warranties, among others), such modification could affect the profitability of the Audax Renovables Group.

As at 31 December 2023 and 2022, the Group does not incur this risk, therefore it carries out its daily operations with perfect normality.

### **Access to finance**

In the division of energy generation the development of the facilities under construction, owned by the Group, the financing conditions and the amount of own funds to be contributed by the Group depends on the availability of finance services and on the existence of loan on the loan market for financing the renewable energy projects.

Financing the renewable energy projects with loans may imply, as a guarantee for the financial institutions, the necessity to pledge all or some of the shares of the Audax Renovables Group's investee companies.

### **Climate change risk**

The green taxonomy is a system established for the purpose of classifying economic activities and providing the businesses and investors with a clear definition of sustainable activity. The main goal of the system is to encourage capital investments for the purpose of financing sustainable development and mitigating the climate change under very clear denominations, aligned with the Paris Agreement and OECD objectives.

Successful implementation of the European taxonomy is fundamental for the continent to achieve the proposed climatic and environmental goals and for the future generations to be able to enjoy a healthy and habitable world. Under the EU Taxonomy Regulation (hereinafter, the "Regulation"), a "green" list has been created, which groups and classifies economic activities which are considered environmentally sustainable according to the recommendations of the Technical expert group on sustainable finance, who established and developed the technical criteria in order to classify these activities.

As part of the implementation of the Regulation, the Company carried out an analysis of the physical risks deriving from climate change for its generation assets, in cooperation with ERM (Environmental Management Consulting). The analysis was based on the physical risk detection tool patented by ERM, Climate Impact Platform (CIP). For each of the assets two scenarios were analysed: a scenario of low greenhouse gas (GHG) emissions (SSP1-2.6) and a scenario of high GHG emissions (SSP5-8.5), under three timelines (base line, 2030 and 2050).

The results obtained from the analysis indicate that the risk derived from total climate change considering all the threats is 'Low' or 'Minimal'.

The Group had in mind the potential effects of climate change while formulating the annual accounts for the year 2023. Therefore, the Group considered these effects while analysing the impairment of non-financial assets. The projections were based on the best available information about the future and include the planned investments in each CGU at the moment. Additionally, these projections consider the expected effect on the market prices of energy.

## Note 18 – Tax Situation

From the year 2023 on, the Parent Company as the head entity of the tax group is subject to Corporate Income Tax under the consolidated tax system.

Companies belonging to the Audax Renovables, S.A. Tax Group:

Audax Renovables, S.A.	Eólica El Pedregoso, S.L.	Coral Perkins, S.L
Explotación Eólica La Pedrera, S.L.	Eólica Del Pino, S.L	Zurvan Gestión de Proyectos, S.L
ADS Energy 8.0, S.L.	Masqluz 2020, S.L.	ADX Sonne, S.L
Eryx Investments 2017, S.L.	Comercializadora Adi, S.L	ADX Renovables, S.L
Audax Solar SPV IV, S.L.	Neon Energía Eficiente, S.L	Zeus Power, S.L
Audax Solar SPV VI, S.L.	Love Energy, S.L.	Hera Power, S.L
Audax Solar SPV VII, S.L.	Energía Ecológica Económica, S.L.	Juno Power, S.L
Audax Solar SPV IX, S.L.	Pasión Energía, S.L.	Diana Power, S.L
Audax Solar SPV X, S.L.	Fox Energía, SA	Ulises Power, S.L
Unieléctrica Energía, S.A.	Tohora Solar Inversión, S.L	Atlas Power, S.L
Audax Solar SPV XXVI	Tarakona Solar Inversión, S.L	Homepower Energy, S.L.U
Aznácollar Solar S.L.U	Audax Solar SPV XXIV, S.L.U	
Solar Buaya Inversiones, S.L.U.	Audax Solar SPV XXV, S.L.U	

Apart from in Spain, the Group operates and pays taxes in Italy, the Netherlands, Poland, France, Germany, Hungary and Portugal.

### Deferred taxes

The following table reflects the movement throughout 2023 and 2022 in deferred taxes:

	Balance 31/12/2022	Recogniti ons	Derecogn itions	Change to scope	Transfers	Translation differences	Balance 31/12/2023
Deferred tax assets	14,607	8,209	(7,062)	—	—	17	15,771
Deferred tax liabilities	(15,163)	(357)	4,156	—	—	(39)	(11,403)
<b>Total</b>	<b>(556)</b>	<b>7,852</b>	<b>(2,906)</b>	<b>—</b>	<b>—</b>	<b>(22)</b>	<b>4,368</b>

	Balance 31/12/2021	Recogniti ons	Derecogn itions	Change to scope	Transfers	Translation differences	Balance 31/12/2022
Deferred tax assets	14,878	4,140	(4,412)	8	—	(7)	14,607
Deferred tax liabilities	(21,455)	(38)	6,325	—	—	5	(15,163)
<b>Total</b>	<b>(6,577)</b>	<b>4,102</b>	<b>1,913</b>	<b>8</b>	<b>—</b>	<b>(2)</b>	<b>(556)</b>

Recognised deferred tax assets and liabilities have mostly an estimated term of reversal or realisation over 12 months.

The main deferred tax assets correspond to the recognition of tax receivables from losses for previous years, as well as temporary differences from recognised expenses that have not yet become tax-deductible, and to the tax impact of the recognition of hedge derivative liabilities.

In 2023 the additions correspond mainly to the capitalisation of a tax credit in Hungary in the amount of EUR 2,298 thousand and to the temporary differences from non-deductible cost, primarily financial expenses. The derecognitions in 2023 correspond mainly to deferred tax assets reductions related with liabilities from hedge derivatives and with derecognitions of tax receivables from losses for previous years in Spain.

In 2022 the additions corresponded mainly to the capitalisation of a tax credit in Audax Renovables S.A. in the amount of EUR 1,750 thousand and to the temporary differences from non-deductible cost, primarily financial expenses.

Deferred tax liabilities include mainly the tax effect of the purchase price allocation to certain intangible assets in business combination transactions, the most important of them being the tax deferred liability connected with the business combinations of Audax Renovables Nederland B.V. and of Unieléctrica Energía S.A. The derecognitions in the year 2023 correspond to the recording of deferred tax liabilities from the tax impact of the recognition of hedge derivative assets (Note 9).

The amount of deferred tax assets and deferred tax liabilities charged or credited to equity refer to the record of hedge derivatives and are as follows:

	At 31/12/2023	At 31/12/2022
Deferred tax assets	1,143	5,326
Deferred tax liabilities	(3,994)	(6,733)
<b>Total</b>	<b>(2,851)</b>	<b>(1,407)</b>

### Corporate Income Tax expenses

The reconciliation between the applicable tax rate and the effective tax rate for the year 2023 and 2022 is as follows:

	2023	%	2022	%
<b>Income before tax</b>	<b>45,024</b>		<b>12,574</b>	
<b>Theoretical tax</b>	<b>11,256</b>	<b>25%</b>	<b>3,144</b>	<b>25%</b>
Tax difference foreign subsidiaries	746		119	
Non-deductible cost and other permanent differences	2,424		(1,798)	
Divestment and other tax recoveries	(3,500)		377	
Impairment or reversal of non-deductible impairment	530		(793)	
Recovery of tax losses carried forward, deductions and similar			1	
Unrecognised tax credits	2,537		3,609	
Negative differences from business combinations or corporate transactions			492	
Other deferred tax adjustments	(1,101)		(128)	
Other adjustments	752		(217)	
	<b>13,644</b>		<b>4,806</b>	

The main components of the income tax expenses are the following:

	31/12/2023	31/12/2022
Current expenses for the year	20,996	6,840
Income from use of tax credits and tax losses carried forward	(4,341)	1
Recognition of tax credits	(802)	(2,352)
Deferred tax and others	(2,209)	317
<b>Total</b>	<b>13,644</b>	<b>4,806</b>



## Tax loss carry-forward and other tax credits

As at 31 December 2023 the Group has unrecognised tax loss carry-forwards available for offset, amounting to EUR 204,647 thousand, as well as a tax credit from deferred tax asset amounting to EUR 3,442 thousand (EUR 4,101 thousand at 31 December 2022). The breakdown of these unrecognised credits is as follows:

	At 31/12/2023	At 31/12/2022
Tax loss carry-forward	59,091	48,034
Deferred tax assets	3,442	4,101
<b>Total</b>	<b>62,533</b>	<b>52,135</b>

As at 31 December 2023, and in relation to these amounts, the Audax Renovables Group has recognised in the consolidated annual accounts a tax credit of EUR 3,871 thousand, corresponding to the tax credits whose recoverability has been considered probable.

The breakdown of these unrecognised tax credits according to their origin as at 31 December 2023 is as follows:

	31/12/2023
Spanish companies	35,898
Foreign companies	26,635
<b>Total</b>	<b>62,533</b>

The tax recovery of these credits will be determined primarily by the nature of each credit, its geographical origin and specific limitations of each tax environment.

Under current tax legislation, a tax return cannot be considered definitive until it is verified by the tax authorities or the four-year limitation time has elapsed.

On 20 May 2022 the Spanish tax administration informed Audax Renovables S.A. of having commenced the verification and investigation of the tax returns of corporate income tax, value-added tax and personal income tax presented during the fiscal years 2017 to 2020. At the moment of drawing up these consolidated financial statements the Group complies with the information requirements of the tax administration, and there are no significant tax liabilities, however the tax administration is reviewing specifically the adequate recognition of net operating losses of Audax Renovables, S.A. before 2016, which are not capitalised.

The consolidated companies that comprise the Group in Spain are opened to tax inspection for all applicable taxes for the last four years.

## Note 19 - Income and Expenses

### Ordinary Income

The breakdown of ordinary income is as follows:

	31/12/2023			31/12/2022		
	Spain and Portugal	Rest of World (*)	Total	Spain and Portugal	Rest of World (*)	Total
<b>Total operating revenue</b>	732,388	1,558,050	<b>2,290,438</b>	1,259,241	1,366,652	<b>2,625,893</b>

(\*) Rest of World includes Italy, Poland, Germany, the Netherlands, France, Panama and Hungary

The amount of sales is recorded as income at the moment of delivery of the energy to the client, depending on the amounts supplied, and includes an estimation of the energy supplied not yet invoiced at the accounting closing date, because it has not been measured as a consequence of the normal process of meter reading cycle (Note 10).

## Procurement

The breakdown of procurement is as follows:

	31/12/2023			31/12/2022		
	Spain and Portugal	Rest of World (*)	Total	Spain and Portugal	Rest of World (*)	Total
<b>Total Procurement</b>	631,843	1,425,012	<b>2,056,855</b>	1,174,340	1,314,826	<b>2,489,166</b>

(\*) Rest of World includes Italy, Poland, Germany, the Netherlands, France, Panama and Hungary

As indicated in previous paragraph, as the usual date of meter readings does not coincide with the balance sheet date for the financial year, the Group makes an estimate relating to the not received invoices for electricity and gas toll costs, as well as to the purchase of the energy supplied to the client. The balances accumulated under this heading are included in the "Trade and other payables" account of the liabilities in the Balance Sheet (Note 16).

The Parent Company has signed several long-term power purchase agreements with diverse non-related companies. Under these agreements the Company will purchase directly an expected aggregated maximum of energy of approximately 1.20 TWh/year. These agreements have an expected validity period of between 10 and 20 years and are subject to certain conditions. Given the nature of these agreements, the Group does not consider them to be financial derivatives.

On 1 February 2023 the Audax Group signed a global agreement on market access with Shell Energy Europe Limited, under which the latter will become, with certain exceptions, the external exclusive provider of electricity and natural gas to the Audax Group in Spain during an initial period of 5 years. The agreement includes provisions which require from the Audax Group the fulfilment of certain minimum ratios, mainly related to a reduction of debt, a minimum profitability and adequate delayed payment limits. Moreover, the agreement stipulates a fee depending on the volume of energy operated with certain minimum obligatory amounts.

The Management of the Group, at the moment of drawing up these consolidated financial statements, has not identified any element which would indicate that the company is going to default on any of the established ratios.

The agreement ensures better access to future positions instead of going directly to the wholesale market and improves directly the Group's working capital position in its operations in Spain.

## Wages and salaries

The breakdown of employee remuneration for the year 2023 and 2022 is as follows:

	2023	2022
Wages and salaries	28,780	23,429
Employer contributions	6,144	5,036
Other social expenses	2,964	1,591
<b>Total</b>	<b>37,888</b>	<b>30,056</b>

The average number of employees for the years 2023 and 2022 is as follows:

	<b>2023</b>	<b>2022</b>
Senior Management (*)	4	4
Address	22	19
Leadership	28	32
Middle Management	63	51
Others	655	692
<b>Total</b>	<b>772</b>	<b>798</b>

(\*) Senior Management includes internal auditor

In accordance with the provisions of the Gender Equality Act, Organic Law 3/2007/22 March, published in the Official State Gazette of 23 March 2007, the average number of employees of the Audax Renovables Group at the end of 2023 and 2022 broken down by category and gender is as follows:

	<b>31/12/2023</b>		<b>31/12/2022</b>	
	<b>Women</b>	<b>Men</b>	<b>Women</b>	<b>Men</b>
Senior Management (*)	1	2	2	2
Address	5	18	4	16
Leadership	6	18	16	16
Middle Management	35	34	29	28
Others	407	228	431	243
<b>Total</b>	<b>454</b>	<b>300</b>	<b>482</b>	<b>305</b>

(\*) Senior Management includes internal auditor

The average number of employees with a disability equal to or greater than 33% (or equivalent local qualification) during the years 2023 and 2022, by category, is as follows:

	<b>Average number</b>	
	<b>2023</b>	<b>2022</b>
Others	8	4
<b>Total</b>	<b>8</b>	<b>4</b>

### **Other operating expenses**

The breakdown of Other operating expenses in the years 2023 and 2022 is as follows:

	<b>2023</b>	<b>2022</b>
Leases	676	863
Repairs and maintenance	4,020	5,237
Counselling services	13,539	11,288
Insurance premiums and commissions	4,167	3,782
Supplies and other services	3,235	3,893
Other operating expenses	12,593	10,951
Taxes	25,153	17,046
Loss, impairment and change in provisions	35,722	9,037
<b>Total</b>	<b>99,105</b>	<b>62,097</b>

### **Note 20 – Financial Income (Expense)**

The breakdown of this account in the consolidated profit and loss statement for the years 2023 and 2022 is as follows:

	<b>2023</b>	<b>2022</b>
Financial income from shareholding in third parties	22	87
Financial income from group companies receivables (Note 22)	1,725	1,309
Financial income from third party receivables	5,840	7,255
Financial expenses arising from bond issuing	(20,621)	(20,395)
Financial expenses from debt and other financial cost	(12,772)	(9,339)
Financial expenses from group companies receivables (Note 22)	(1,195)	(2,989)
Impairment and profit (loss) on disposal of financial instruments	181	(302)
Exchange differences	(4,072)	1,702
<b>Financial profit (loss)</b>	<b>(30,892)</b>	<b>(22,672)</b>

## Note 21 - Cash Flows

### Cash flows from operating activities

The composition of the cash generated in operating activities in 2023 and 2022 is as follows:

	<b>2023</b>	<b>2022</b>
<i>Cash flows from operating activities</i>		
<b>Profit (loss) for the year before tax</b>	<b>45,024</b>	<b>12,574</b>
<b>Adjustments to results</b>	<b>91,323</b>	<b>46,443</b>
Amortisation and depreciation	21,005	21,849
Valuation adjustments due to impairment	38,334	3,806
Changes in provisions	(2,612)	1,320
Allocation of subsidies	(259)	(251)
Profit (loss) on derecognition and disposal of fixed assets	3,175	—
Profit (loss) on derecognition and disposal of financial instruments	(181)	302
Financial income	(7,587)	(8,651)
Financial expenses	34,588	32,723
Exchange differences	4,071	(1,702)
Other income and expenses	789	(2,953)
<b>Changes in working capital</b>	<b>47,406</b>	<b>109,953</b>
Inventory	(2,565)	(4,869)
Accounts receivable	13,041	(1,429)
Other current assets	5,519	8,990
Accounts payable	14,290	49,019
Other current liabilities	16,925	58,242
Other non-current assets and liabilities	196	—
<b>Other cash flows from operating activities</b>	<b>(43,238)</b>	<b>(17,724)</b>
Payments of interest	(27,522)	(18,046)
Collections of interest	561	7,255
Income tax payments	(16,277)	(6,933)
<b>Cash flows from operating activities</b>	<b>140,515</b>	<b>151,246</b>

## Note 22 – Information on Related Party Transactions

Related parties are:

- a) Significant shareholders of Audax Renovables, S.A., meaning those who directly or indirectly hold an interest equal to or exceeding 3%, as well as shareholders which, while not being significant, have exercised the power to appoint a member of the Board of Directors.

According to the above definition, Eléctrica Nuriel, S.L.U. is considered to be a related party.

- b) The Directors and Senior Management of any company belonging to the Audax Renovables Group and their immediate families, "Directors" meaning members of the Board of Directors, and "Senior Management" meaning people who report directly to the Company's Board of Directors or its Chief Executive Officer and, at all events, its internal auditor. Transactions with the Directors and senior management of the Audax Renovables Group are disclosed in Note 23.
- c) All the companies belonging to the Excelsior Group.
- d) Shareholders or partners who hold directly or indirectly a minimum of 25% of shares of an entity of the Group.

The transactions between related companies have been carried out at arm's length.

The transactions involving services rendered between Group companies have been objective and unbiased and carried out at arm's length, based on the incremental cost system, under which the estimated cost plus a margin has been allocated to the different Group or related companies. Thus, the costs shared by the Parent Company and other Group companies are distributed and charged by project and activity, based on parameters of activity and hourly charges (using periodical slips per employee). Detailed definitions of the services and remits to be carried out are prepared, and the average indicators used to calculate the charges are determined.

Moreover, the loans that the Parent Company has extended to the Group companies, associates or multi-group companies accrue financial interest based on a market rate.

The balances and transactions carried out in the years 2023 and 2022 between Audax Renovables, S.A. and its subsidiaries and the related parties are as follows:

**a) Balances with related parties:**

Accounts payable and receivable with related parties as at 31 December 2023 and 31 December 2022 are as follows:

<b>2023</b>	<b>Group companies</b>	<b>Other related parties</b>	<b>Total</b>
Loans and receivables			
Loans (Note 8)	35,425	11,505	46,930
<b>Total non-current assets</b>	<b>35,425</b>	<b>11,505</b>	<b>46,930</b>
Trade and other receivables			
Short-term receivables from group companies and associates (Note 10)	2,355	129	2,484
Loans and receivables			
Loans (Note 8)	2,974	—	2,974
<b>Total current assets</b>	<b>5,329</b>	<b>129</b>	<b>5,458</b>
<b>Total assets</b>	<b>40,754</b>	<b>11,634</b>	<b>52,388</b>
Long-term payables to group companies and associates (Note 14)	—	31,226	31,226
<b>Total non-current liabilities</b>	<b>—</b>	<b>31,226</b>	<b>31,226</b>
Short-term payables to group companies and associates (Note 14)	1,637	3,400	5,037
Trade and other payables			
Short-term payables to suppliers - group companies and associates (Note 16)	567	60	627
<b>Total current liabilities</b>	<b>2,204</b>	<b>3,460</b>	<b>5,664</b>
<b>Total liabilities</b>	<b>2,204</b>	<b>34,686</b>	<b>36,890</b>
<b>2022</b>	<b>Group companies</b>	<b>Other related parties</b>	<b>Total</b>
Loans and receivables			
Loans (Note 8)	35,227	11,727	46,954
<b>Total non-current assets</b>	<b>35,227</b>	<b>11,727</b>	<b>46,954</b>
Trade and other receivables			
Short-term receivables from group companies and associates (Note 10)	216	186	402
Loans and receivables			
Loans (Note 8)	—	—	—
<b>Total current assets</b>	<b>216</b>	<b>186</b>	<b>402</b>
<b>Total assets</b>	<b>35,443</b>	<b>11,913</b>	<b>47,356</b>
Long-term payables to group companies and associates (Note 14)	—	33,651	33,651
<b>Total non-current liabilities</b>	<b>—</b>	<b>33,651</b>	<b>33,651</b>
Short-term payables to group companies and associates (Note 14)	12,017	2,049	14,066
Trade and other payables			
Short-term payables to suppliers - group companies and associates (Note 16)	3,315	37	3,352
<b>Total current liabilities</b>	<b>15,332</b>	<b>2,086</b>	<b>17,418</b>
<b>Total liabilities</b>	<b>15,332</b>	<b>35,737</b>	<b>51,069</b>

The amount of loans and non-current receivables in the year 2023 corresponds mainly to a loan granted to Eléctrica Nuriel, S.L.U. in the amount of EUR 35,425 thousand. The balance for the year 2022 corresponded mainly to a loan granted to Eléctrica Nuriel, S.L.U. in the amount of EUR 35,227 thousand.

Loans and non-current receivables with other related parties for the year 2023 include loans granted to the companies incorporated by the equity method and other investee companies which do not comprise the Group in the amount of EUR 10,909 thousand. The balance for the year 2023 includes loans granted to the companies incorporated by the equity method and other investee companies which do not comprise the Group in the amount of EUR 11,471 thousand.

The balance of Non-current payables to group companies for the year 2023 corresponds mainly to the amount payable by various companies of the Audax Renovables, S.A. group to IKAV (Debo Prime S.L.U.) of EUR 31,284 thousand (see Note 2.5.b). The balance for the year 2022 corresponds mainly to the amount payable by various companies of the Audax Renovables, S.A. group to IKAV (Debo Prime S.L.U.) of EUR 33,562 thousand (see Note 2.5.b).

The balance of Current payables to group companies for the year 2023 corresponds mainly to the amount payable by various companies of the Audax Renovables, S.A. group to IKAV (Debo Prime S.L.U.) of EUR 3,454 thousand (see Note 2.5.b). The balance for the year 2022 corresponds mainly to the amount payable by Audax Renovables, S.A. to Excelsior Times, S.L.U. of EUR 10,000 thousand for the contributions that were made.

The net cash flow shown in the Cash Flow Statement as collections and payments for financial liability instruments for the total amount of payables to Group companies and associates is the negative amount of EUR 9,703 thousand, EUR 4,613 thousand of collections from acceptance of loans or repayment of the loans granted, and EUR 14,316 thousand of payments for the granting of loans, contributions or repayment of received loans.

## b) Related party transactions:

The amounts of the related party transactions are as follows:

<b>2023</b>	<b>Group companies</b>	<b>Other related parties</b>	<b>Total</b>
<b><i>Income and similar</i></b>			
Net sales	6,296	432	6,728
Services rendered	30	21	51
Financial instruments			
Financial income	1,695	30	1,725
<b>Total income</b>	<b>8,021</b>	<b>483</b>	<b>8,504</b>
<b><i>Expenses and similar</i></b>			
Purchases	761	—	761
Purchase of fixed assets	5,959	13	5,972
Other received services	3,409	143	3,552
Financial instruments			
Financial expenses	9	1,186	1,195
<b>Total Expenses</b>	<b>10,138</b>	<b>1,342</b>	<b>11,480</b>

<b>2022</b>	<b>Group companies</b>	<b>Other related parties</b>	<b>Total</b>
<b><i>Income and similar</i></b>			
Net sales	11,840	646	12,486
Services rendered	204	105	309
Financial instruments			
Financial income	1,309	—	1,309
<b>Total income</b>	<b>13,353</b>	<b>751</b>	<b>14,104</b>
<b><i>Expenses and similar</i></b>			
Purchases	1,092	—	1,092
Purchase of fixed assets	2,236	6,098	8,334
Other received services	3,820	53	3,873
Financial instruments			
Financial expenses	2,448	541	2,989
<b>Total Expenses</b>	<b>9,596</b>	<b>6,692</b>	<b>16,288</b>

Net sales for the year 2023 correspond mainly to the energy supply by Audax Renovables, S.A., the head company of the Audax Renovables Group, to La Sirena Alimentación Congelada, S.A.U., a company of the group, for the amount of EUR 6,002 thousand.

Financial income for the year 2023 corresponds primarily to the interest accrued on the loan granted by Audax Renovables, S.A. to Eléctrica Nuriel, S.L.U. This loan was signed as a credit line with a limit of EUR 125,000 thousand, on which during 2023 interest has accrued in the amount of EUR 1,411 thousand.

Purchase of fixed assets in 2023 to the group companies corresponds to the service agreements related to the construction works in the EPC modality, or in the "turnkey" modality of solar projects and maintenance services provided by the company JEN Construcciones Renovables, S.L.U. (formerly DJL Renovables, S.L.) to various companies of the Audax Renovables Group for the amount of EUR 5,959 thousand (EUR 5,980 thousand in 2022). In 2023 it is considered as a group company, because Excelsior Times, S.L.U. increased its shareholding to 100% in the company JEN Construcciones Renovables, S.L.U. (a related company in 2022, when Excelsior Times, S.L.U. owned 25% of its shares).

These service agreements belong to the acquisition of photovoltaic projects located in Spain and acquired from Rocío Servicios Fotovoltaicos, S.L.U. (formerly Audax Fotovoltaica, S.L.U.) on 8 May 2019, on 30 December 2020 and on 28 May 2021, as well as the portfolio of photovoltaic projects located in Portugal and acquired on 25 May 2021 from Rocío Servicios Fotovoltaicos, S.L.U. and Audax Green, S.L., and the portfolio of photovoltaic projects located in Italy and acquired from Rocío Servicios Fotovoltaicos, S.L.U. on 11 June 2021, as the companies Rocío Servicios Fotovoltaicos, S.L.U. and Audax Green, S.L. are subsidiaries of the Excelsior Times group, where it should be mentioned that the parties undertook to sign a contract for services between the Buyer, directly or indirectly through the companies, and the Seller, as the provider of the services, in connection with the development of the projects and until putting the projects into operation (a "COD" contract), which, in accordance with the information provided in the fairness opinion on the valuation of the projects issued by Ernst&Young at the dates of the acquisition, would be calculated at the amount of EUR/MW 790,000 and EUR/MW 850,000 at the COD state for fixed or solar tracker technology, respectively.

These contracts were signed by Audax Renovables, S.A. and Rocío Servicios Fotovoltaicos, S.L.U. on 26 September 2019 and on 29 June 2021 for the portfolio of projects located in Spain and on 29 June 2021 for those located in Italy and Portugal.

During the year 2023, the company Excelsior Times, S.L.U., the parent company of the Excelsior Group, has rendered management services to Audax Renovables, S.A., the parent company of the Audax Renovables Group, for the amount of EUR 2,160 thousand (EUR 2,160 thousand in 2022).

Financial expenses in 2023 with other related parties corresponds to the interest accrued in various companies of the Audax Renovables Group to the company IKAV (Debo Prime S.L.U.) in the amount of EUR 1,186 thousand (EUR 541 thousand in 2022).



Moreover, in the year 2022 the Group recorded financial expenses with Excelsior Times, S.L.U. for a commission for the assignment of receivables, in the amount of EUR 2,425 thousand. This transaction, carried out in the form of an agreement dated 29 December 2022 between Audax Renovables, S.A. (assignor company) and Excelsior Times, S.L.U. (assignee company), consisted in the assignment of certain receivables from clients and was guaranteed by Eléctrica Nuriel, S.L.U., which granted a pledge on behalf of the Assignee to the Assignor with the shares of the company Audax Renovables, S.A. (assignor).

Moreover, in 2023, the Group sustained some of the costs of Orus Renovables, S.L.U. (a company belonging to the Excelsior Group) amounting to EUR 980 thousand, for lease of office space (EUR 1,054 thousand in the year 2022).

All the transactions with related parties are carried out at market prices.

In the year 2023 and 2022 there were no transactions entered into with Directors and senior management.

## **Note 23 - Information on Members of the Board of Directors and Senior Management**

### **Remuneration of the members of the Board of Directors**

The Ordinary Meeting of Shareholders of the Parent Company, held on 30 June 2023, approved, in accordance with the previous report of the Appointments and Remuneration Committee and on the motion of the Board of Directors, a new remuneration policy of remuneration to the directors of the Parent Company, applicable in the years 2023 (effective as of 1 July 2023), 2024, 2025 and 2026.

The Company's remuneration policy is designed to reward dedication, qualification and responsibility required by the office of Director, without compromising their independence. The remuneration recognizes the attendance and participation of the Directors in the sessions of the Board of Directors and its Commissions.

The remuneration comprises (i) a monetary remuneration which the directors may receive for their attendance at the meetings of the Board of Directors, of the Audit Committee and of the Appointments and Remuneration Committee, as appropriate, in accordance with the criteria established in the remuneration policy; and (ii) a monetary remuneration for the directors who were given executive duties. Moreover, there is a remuneration for coordination duties, paid to the coordinating director of the Parent Company.

In the year 2023 the amount accrued by all the members of the Board of Directors of Audax Renovables, S.A. was of EUR 1,284 thousand (EUR 818 thousand in 2022) for their membership of the Board and its various Delegated Committees, as well as remuneration for their employment relationship or direct responsibilities at different executive levels, where appropriate.

In the year 2023 the expenses for civil liability insurance premium of the Directors and Senior Management amount to EUR 109 thousand (EUR 113 thousand in 2022).

As at 31 December 2023 the Board of Directors of the Parent Company is composed of 3 men and 2 women (4 men and 2 women as at 31 December 2022).

### **Other information on Directors**

Article 229 of the Spanish Corporate Enterprises Act, approved by Royal Legislative Decree 1/2010 of 2 July 2010, has imposed on Directors, or their individual representatives, the duty to report to the Board of Directors, and failing that, the other Directors, or, in the case of a Sole Administrator, the General Meeting of Shareholders, any direct or indirect conflict of interest they may have with the Company. The affected Director must abstain from intervening in the resolutions or decisions on the operation to which the conflict refers.

In the years 2023 and 2022 no contracts were terminated, amended or early extinguished between the Company and any of its shareholders or Board members or persons acting on their behalf, which would concern transactions beyond the usual scope of the Company's business activity, or which would be entered into on terms different than usually.

Likewise, it should be underlined that all the Directors have declared that they are not subject to any direct or indirect conflict of interest with the Parent Company and its subsidiaries.

### Senior Management's remuneration

The remuneration charged for all kinds of reasons in the year 2023 by the Senior Management amounted to EUR 530 thousand (EUR 401 thousand for the year 2022).

As at 31 December 2023 the Senior Management of the Group is made up of one woman and two men.

### Note 24 - Auditors' Fees

The professional fees for the services rendered by the audit company KPMG Auditores, S.L. in auditing the consolidated annual financial statements of the Group in the years ended on 31 December 2023 and 2022, regardless of the moment of invoicing, are as follows:

	EUR thousand	
	2023	2022
Audit services	443	430
Other services	119	115
<b>Total</b>	<b>562</b>	<b>546</b>

Furthermore, in the years ended on 31 December 2023 and 2022 the Group was invoiced for net professional fees of other entities associated to KPMG International, according to the following breakdown:

	EUR thousand	
	2023	2022
Audit services	304	290
Other services	75	53
<b>Total</b>	<b>379</b>	<b>343</b>

On the other hand, other auditors have not invoiced the Group for professional services in the year ended on 31 December 2023, nor in the previous year ended on 31 December 2022.

### Note 25 – Commitments and Contingencies

#### Guarantees with third parties

As at 31 December 2023 the Group has been given guarantees through financial institutions and insurance companies amounting to EUR 191,393 thousand (EUR 189,445 thousand as at 31 December 2022) to cover the relevant obligations with third parties. The guarantees have been granted mainly to cover the transactions of electricity purchase on the market.

The Group does not expect that significant liabilities arise from the guarantees and sureties that have been granted.

Apart from the guarantees or bank guarantees which the Group provides in order to carry out its activity, there are pledges or limitations to the cash disposition, related to the existence of various deposits in the amount of EUR 87,611 thousand (EUR 38,940 thousand as at 31 December 2022), which are pledged or restricted as to their disposition and are classified as current financial assets.

### **Contractual commitments**

From the year 2019, the Group applies the new IFRS 16, which eliminates the classification between operating leases and finance leases, recognised in the balance sheet as the right-of-use assets and liabilities of the same amount at present value of the future payments to be made over the lease term (Note 14.).

This way, the future lease payments are recognised in the Balance sheet under the "Lease liabilities" heading.

### **Contingencies**

The Audax Renewables Group considers that the provisions and value adjustments recorded in these consolidated annual accounts adequately cover the risks related to any possible contingencies and therefore, it does not expect that they will generate any liabilities or value adjustments other than those which have been recorded (Note 13).

### **Note 26 - Environment**

Environmental aspects are borne in mind throughout the processing and construction of facilities, and all necessary studies required under the legislation of each country are prepared.

In the year 2023 and in relation to the operating facilities, the Group incurred environmental expenses amounting to EUR 72 thousand, mainly for wildlife conservation purposes (EUR 61 thousand in 2022).

### **Note 27- Greenhouse Gas Emissions Rights**

On 27 August 2004 Royal Decree Law 5/2004, which regulates the regime for trading in greenhouse gas emissions rights, was adopted, the objective of which was to assist in complying with the obligations under the Kyoto Protocol Convention.

The Group has not been assigned CO2 emissions and has no expenses arising from the consumption of these rights. The Management of the Audax Renewables Group does not expect that any penalties or contingencies will arise from compliance with the requirements under Law 1/2005.

The wind farm of the Polish company Eólica Postolin Sp. z o.o. was endorsed to obtain Green Certificates. The volume of Green Certificates generated during the year 2023 by the company amounts to EUR 2,813 thousand (EUR 3,011 thousand in the previous year).

## Note 28 - Subsequent Events

On 17 January 2024 Audax Renovables S.A. signed a binding agreement on repurchase and conversion of convertible bonds with an institutional investor concerning the issue of green bonds of EUR 125 million convertible to ordinary shares of the Company, with maturity in 2025 (Note 14).

Under this agreement two transactions are carried out, the first one where the Company repurchases 100 bonds of a nominal value of EUR 10,000 thousand for the price of EUR 7,550 thousand, and the second one where the bondholder will convert 314 bonds of a nominal value of EUR 31,400 thousand to shares of a new issue of the Company, at a price of EUR 2.389 per share.

The conversion of the aforementioned 314 bonds will involve the issue of a total of 13,139,725 shares of Audax Renovables, S.A. of a new issue, representing 2.984% of the outstanding capital stock of the Company. Moreover, and as a consideration for the exercise of the aforementioned right of conversion, the Company shall pay to the bondholder the amount of EUR 6,888 thousand, equivalent to the difference between the par value of the converted bonds at the agreed value of EUR 1.28 per share of the Company and 75.5% of the nominal value of the bonds subject to conversion, i.e. EUR 23,707 thousand.

The transaction outlined will bring to Audax Renovables S.A. the opportunity to reduce its gross debt by a total of EUR 41,400 thousand, and its net financial debt by EUR 26,962 thousand.

## Appendix I: Audax Renovables Group Companies

### AUDAX RENOVABLES GROUP COMPANIES AS AT 31 December 2023

#### a) Shareholdings in subsidiary companies

Audax Renovables, S.A. has a controlling shareholding in the following companies:

Company name	Registered address	Country	Objects	Shareholding	
				Direct	Indirect
Generación Iberia, S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Retailing	100%	—
Audax Energia, S.R.L.	Corso Enrico Tazzoli 235, 10137 Torino, Italia	Italy	Retailing	100%	—
Audax Solution, S.R.L.	Via Natale Battaglia 10, 20127 Milano, Italia	Italy	Retailing	—	100%
Audax Energie, GmbH	Otto Franke Strabe, 97, 12489 Berlin, Germany	Germany	Retailing	100%	—
Audax Renewables Polska Sp z o.o	ul. Żurawia 6/12, 00-503 Warsaw (Poland)	Poland	Retailing	100%	—
Audax Renewables Nederland B.V. (formerly Main Energie, B.V.)	Oplagestraat 1, 1321 NK Almere, The Netherlands	The Netherlands	Retailing	100%	—
Audax Renewables Kft.	Fiastyúk utca 4-8, H-1139 Budapest, Hungary	Hungary	Retailing	100%	—
Audax Gas Trading Kft	Fiastyúk utca 4-8, H-1139 Budapest, Hungary	Hungary	Retailing	100%	—
Audax Green USA Inc	2525 Ponce de Leon Blvd., PH 12th Floor, Coral Gables (Florida), USA	USA	Generation	70%	—
Eólica El Pedregoso, S.L.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	80%	—
Eólica Del Pino, S.L.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	80%	—
Eoliennes De Beausemblant, S.A.S.	1 Côte Lavigne, 64800 Mirepeix, Francia	France	Generation	80%	—
Eólica Postolín Sp. z o.o.	ul. Libelta 2/1, 85-080 Bydgoszcz, Poland	Poland	Generation	100%	—
Audax Solar SPV IV, S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	100%	—
Audax Solar SPV VI, S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	100%	—
Audax Solar SPV VII, S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	100%	—
Audax Solar SPV IX, S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	100%	—
Audax Solar SPV X, S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	100%	—
Coral Perkins, S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	100%	—
Aznalcóllar Solar, S.A.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	100%	—
Audax Solar SPV XV, S.L.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	60%	—
Merfonda Solar, S.L.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	—	60%
Sarda Solar, S.L.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	—	60%
ADX Sonne, S.L.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Holding	100%	—

Company name	Registered address	Country	Objects	Shareholding	
				Direct	Indirect
Tohora Solar Inversión, S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	—	100%
Tarakona Solar Inversión, S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	—	100%
Solar Buaya Inversiones, S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	—	100%
Zurván Gestión de Proyectos, S.L.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	—	100%
Ulises Power, S.L.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	—	100%
Zeus Power, S.L.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	—	100%
Hera Power, S.L.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	—	100%
Juno Power, S.L.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	—	100%
Diana Power, S.L.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	—	100%
Atlas Power, S.L.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	—	100%
Aquiles Power, S.L.U	Paseo de la Castellana, 140, 7º C – 28046 Madrid	Spain	Generation	100%	—
Arianna Solar, S.L.	C/Temple 25 08911 Badalona (Barcelona)	Spain	Holding	51%	—
Botey Solar, S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	—	51%
Corot Energía, S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	—	51%
Las Piedras Solar, S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	—	51%
Da Vinci Energía, S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	—	51%
Elogia Calañas, S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	—	51%
Corinto Solar, S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	—	51%
Centauro Energia Solar, S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	—	51%
Audax Solar SPV XXIV, S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	100%	—
Audax Solar SPV XXV, S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	100%	—
Audax Solar SPV XXVI, S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	100%	—
Green Show, L.D.A.	Avda. Das Tulipas, 6, 18º, Miraflores Office Center. 1495 158 Algés. Portugal	Portugal	Generation	95%	5%
ADX Fotovoltaico - Solar Da Luz, L.D.A	Avda. Das Tulipas, 6, 18º, Miraflores Office Center. 1495 158 Algés. Portugal	Portugal	Generation	—	100%
ADX Fotovoltaico - Solar Do Ceu, L.D.A	Avda. Das Tulipas, 6, 18º, Miraflores Office Center. 1495 158 Algés. Portugal	Portugal	Generation	—	100%
Clever Road, L.D.A.	Avda. Das Tulipas, 6, 18º, Miraflores Office Center. 1495 158 Algés. Portugal	Portugal	Generation	100%	—
Audax Solar SPV Italia 1, S.R.L.	Via Boccaccio 7, 20123 Milan, Italy	Italy	Generation	100%	—
Audax Solar SPV Italia 2, S.R.L.	Via Boccaccio 7, 20123 Milan, Italy	Italy	Generation	100%	—
Audax Solar SPV Italia 3, S.R.L.	Via Boccaccio 7, 20123 Milan, Italy	Italy	Generation	100%	—
Audax Solar SPV Italia 4, S.R.L.	Via Boccaccio 7, 20123 Milan, Italy	Italy	Generation	100%	—
Audax Solar SPV Italia 5, S.R.L.	Via Boccaccio 7, 20123 Milan, Italy	Italy	Generation	100%	—
Audax Solar SPV Italia 6, S.R.L.	Via Boccaccio 7, 20123 Milan, Italy	Italy	Generation	100%	—
Eryx Investments 2017, S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Retailing	100%	—
Unieléctrica Energía, S.A.	Avenida de la Arruzafilla, 14 Córdoba	Spain	Retailing	—	100%
Explotación Eólica La Pedrera, S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	—	100%
Fox Energía, S.A.	Avda. Alcalde Lorenzo Carbonell 18, local, Alicante	Spain	Retailing	—	89%
Nabalía Energía 2.000, S.A.	Plaça Urquinaona 7, Barcelona (Barcelona)	Spain	Retailing	—	58%
Acsol Energía Global, S.A.	Avenida de la Arruzafilla, 14 Córdoba	Spain	Retailing	—	63%
Vivo Energía Futura, S.A.	Avda. San Salvador 18, local, Badalona (Barcelona)	Spain	Retailing	—	63%
Iris Energía Eficiente, S.A.	Calle Castellón 4 Bajo, Local 1, Orihuela (Alicante)	Spain	Retailing	—	67%
Cima Energía Comercializadora, S.L.	Avenida Portugal, 27 4 º - oficina 8. 26001, Logroño, La Rioja	Spain	Retailing	—	69%
Ahorre Luz Servicios Online, S.L.	Plaza Urquinaona número 7 Barcelona	Spain	Retailing	—	58%
Propensalternativa Unipessoal, LDA	Avenida do Forte 8, Fracção 1N, 2790-072 Carnaxide, Portugal	Portugal	Retailing	—	58%
ADX Renovables, S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Retailing	—	100%
ADS Energy 8.0., S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Retailing	—	100%
Homepower Energy, S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Retailing	—	100%
Masqluz 2020, S.L.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Retailing	—	75%
Comercializadora ADI España, S.L. (formerly Alset Comercializadora, S.L.U.)	Avenida de la Arruzafilla, 14 Córdoba	Spain	Retailing	—	75%
Neon Energía Eficiente, S.L (formerly By Energyc Energía Eficiente, S.L.)	Calle Lorenzo Salom, número 6, bajo Valencia (46007),	Spain	Retailing	—	75%
Love Energy, S.L.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Retailing	—	75%

Company name	Registered address	Country	Objects	Shareholding	
				Direct	Indirect
Energía Ecológica Económica, S.L.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Retailing	—	75%
Pasión Energía, S.L. (formerly Feed Energía, S.L.)	Avenida de la Arruzafilla, 14 Córdoba	Spain	Retailing	—	75%

b) Shareholdings in associated companies and joint ventures

Company name	Registered address	Country	Objects	Shareholding		Controlling relation
				Direct	Indirect	
Audax Solar SPV XXVII, S.L.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	50%	—	Significant influence
Audax Solar SPV XXVIII, S.L.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	50%	—	Significant influence
Audax Solar SPV XXIX, S.L.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	50%	—	Significant influence
Audax Solar SPV XXX, S.L.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	50%	—	Significant influence
Audax Solar SPV XXXI, S.L.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	50%	—	Significant influence
Parque Eólico Toabré, S.A.	Cincuenta, edificio 2000, 5a planta Ciudad de Panamá, Panamá	Panama	Generation	30%	—	Significant influence

## **AUDAX RENEWABLES GROUP COMPANIES AS AT 31 December 2022**

### a) Shareholdings in subsidiary companies

Audax Renovables, S.A. has a controlling shareholding in the following companies:

Company name	Registered address	Country	Objects	Shareholding	
				Direct	Indirect
Generación Ibería, S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Retailing	100%	—
Audax Energia, S.R.L.	Via Candiolo, 2, 10048 Vinovo (Torino) Italia	Italy	Retailing	100%	—
Audax Energie, GmbH	Otto Franke Strabe, 97, 12489 Berlin, Germany	Germany	Retailing	100%	—
Audax Renewables Polska Sp z o.o	ul. Żurawia 6/12, 00-503 Warsaw	Poland	Retailing	100%	—
Main Energie, B.V.	Stammerkamp 1 . 1112 Ve Diemen (The Netherlands)	The Netherlands	Retailing	100%	—
Audax Renewables Kft.	Vaci ut 17, H1134 Budapest (Hungary)	Hungary	Retailing	100%	—
Audax Gas Trading Kft	4024 (postal code) Debrecen (city), Kossuth utca (street) 42.(street number)	Hungary	Retailing	100%	—
Eólica El Pedregoso, S.L.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	80%	—
Eólica Del Pino, S.L.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	80%	—
Eoliennes De Beausemblant, S.A.S.	1 Côte Lavigne 64800 Mirepeix (France)	France	Generation	80%	—
Eólica Postolín Sp. z o.o.	ul. Libelta 2/1, 85- 080 Bydgoszcz, Poland	Poland	Generation	100%	—
Eolica Warblewo Sp. z o.o	ul. Libelta 2/1, 85- 080 Bydgoszcz, Poland	Poland	Generation	65%	—
Audax Solar SPV IV, S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	100%	—
Audax Solar SPV VI, S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	100%	—
Audax Solar SPV VII, S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	100%	—
Audax Solar SPV IX, S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	100%	—
Audax Solar SPV X, S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	100%	—
Coral Perkins, S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	100%	—
Aznalcóllar Solar, S.A.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	100%	—
Solar Buaya Inversiones, S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	100%	—
Audax Solar SPV XV, S.L.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	60%	—
Merfonda Solar, S.L.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	—	60%
Sarda Solar, S.L.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	—	60%
Tohora Solar Inversión, S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	100%	—
Tarakona Solar Inversión, S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	100%	—
Zurván Gestión de Proyectos, S.L.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	100%	—
Ulises Power, S.L.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	100%	—
ADX Sonne, S.L.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Holding	100%	—
Arianna Solar, S.L.	C/Temple 25 08911 Badalona (Barcelona)	Spain	Holding	51%	—
Botey Solar, S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	—	51%
Corot Energía, S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	—	51%
Las Piedras Solar, S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	—	51%
Da Vinci Energía, S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	—	51%
Elogia Calañas, S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	—	51%
Corinto Solar, S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	—	51%
Centauro Energia Solar, S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	—	51%
Zeus Power, S.L.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	100%	—
Hera Power, S.L.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	100%	—
Juno Power, S.L.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	100%	—
Diana Power, S.L.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	100%	—
Atlas Power, S.L.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	100%	—
Audax Solar SPV XXIV, S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	100%	—
Audax Solar SPV XXV, S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	100%	—

Company name	Registered address	Country	Objects	Shareholding	
				Direct	Indirect
Audax Solar SPV XXVI, S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	100%	—
Green Show, L.D.A.	Avda. Das Tulipas, 6, 18º, Miraflores Office Center. 1495 158 Algés. Portugal	Portugal	Generation	95%	5%
ADX Fotovoltaico - Solar Da Luz, L.D.A	Avda. Das Tulipas, 6, 18º, Miraflores Office Center. 1495 158 Algés. Portugal	Portugal	Generation	—	100%
ADX Fotovoltaico - Solar Do Ceu, L.D.A	Avda. Das Tulipas, 6, 18º, Miraflores Office Center. 1495 158 Algés. Portugal	Portugal	Generation	—	100%
Clever Road, L.D.A.	Avda. Das Tulipas, 6, 18º, Miraflores Office Center. 1495 158 Algés. Portugal	Portugal	Generation	100%	—
Audax Solar SPV Italia 1, S.R.L.	Via Boccaccio 7, 20123 Milan (Italy)	Italy	Generation	100%	—
Audax Solar SPV Italia 2, S.R.L.	Via Boccaccio 7, 20123 Milan (Italy)	Italy	Generation	100%	—
Audax Solar SPV Italia 3, S.R.L.	Via Boccaccio 7, 20123 Milan (Italy)	Italy	Generation	100%	—
Audax Solar SPV Italia 4, S.R.L.	Via Boccaccio 7, 20123 Milan (Italy)	Italy	Generation	100%	—
Audax Solar SPV Italia 5, S.R.L.	Via Boccaccio 7, 20123 Milan (Italy)	Italy	Generation	100%	—
Audax Solar SPV Italia 6, S.R.L.	Via Boccaccio 7, 20123 Milan (Italy)	Italy	Generation	100%	—
ADS Energy 8.0., S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Retailing	100%	—
Masqluz 2020, S.L.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Retailing	75%	—
Comercializadora ADI España, S.L.U. (formerly Alset Comercializadora, S.L.U.)	Avenida de la Arruzafilla, 14 Córdoba	Spain	Retailing	75%	—
By Energyc Energía Eficiente, S.L.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Retailing	75%	—
Love Energy, S.L.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Retailing	75%	—
Energía Ecológica Económica, S.L.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Retailing	75%	—
Pasión Energía, S.L. (formerly Feed Energía, S.L.)	Avenida de la Arruzafilla, 14 Córdoba	Spain	Retailing	75%	—
Eryx Investments 2017, S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Retailing	100%	—
Unieléctrica Energía, S.A.	Avenida de la Arruzafilla, 14 Córdoba	Spain	Retailing	—	100%
Explotación Eólica La Pedrera, S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	—	100%
Fox Energía, S.A.	Avda. Alcalde Lorenzo Carbonell 18, local, Alicante	Spain	Retailing	20%	69%
Nabalía Energía 2.000, S.A.	Plaça Urquinaona 7, Barcelona (Barcelona)	Spain	Retailing	—	58%
Acsol Energía Global, S.A.	Avenida de la Arruzafilla, 14 Córdoba	Spain	Retailing	—	63%
Vivo Energía Futura, S.A.	Avda. San Salvador 18, local, Badalona (Barcelona)	Spain	Retailing	—	63%
Iris Energía Eficiente, S.A.	Calle Castellón 4 Bajo, Local 1, Orihuela (Alicante)	Spain	Retailing	—	67%
Cima Energía Comercializadora, S.L.	Avenida Portugal, 27 4 º - oficina 8. 26001, Logroño, La Rioja	Spain	Retailing	—	69%
Ahorre Luz Servicios Online, S.L.	Plaça Urquinaona número 7 Barcelona	Spain	Retailing	—	58%
Propensalternativa Unipessoal, LDA	Avenida Engenheiro Arantes e Oliveira 3 rc, 1900-221 Lisboa	Portugal	Retailing	—	58%
ADX Renovables, S.L.U.	Avenida de la Arruzafilla, 14 Córdoba	Spain	Retailing	—	100%

## b) Shareholdings in associated companies and joint ventures

Company name	Registered address	Country	Shareholding			Controlling relation
			Objects	Direct	Indirect	
Audax Solar SPV XXVII, S.L.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	50%	—	Significant influence
Audax Solar SPV XXVIII, S.L.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	50%	—	Significant influence
Audax Solar SPV XXIX, S.L.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	50%	—	Significant influence
Audax Solar SPV XXX, S.L.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	50%	—	Significant influence
Audax Solar SPV XXXI, S.L.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	50%	—	Significant influence
Parque Eólico Toabré, S.A.	Cincuenta, edificio 2000, 5a planta Ciudad de Panamá, Panama	Panama	Generation	30%	—	Significant influence



**AUDAX RENOVABLES, S.A. AND SUBSIDIARIES**

**CONSOLIDATED DIRECTORS' REPORT FOR THE YEAR 2023**

## Directors' Report

The following Consolidated Directors' Report for the Year 2023 has been drawn up in accordance with the "Guide for Setting up Listed Companies' Management Reports" issued by the CNMV.

### 1. Entity's situation

Audax Renovables, S.A. (hereinafter: Audax Renovables, Audax or the Company), incorporated in the year 2000 under the name of Fersa Energías Renovables, S.A., currently has its registered office at: Calle Electrónica, 19, planta 7, puerta C, 08915, Badalona (Barcelona).

Audax and its Subsidiaries (hereinafter: the Group) operates in Spain, Portugal, Poland, Germany, Italy, France, the Netherlands, Panama and Hungary.

Its principal objects include:

- Development, construction and exploitation of all kinds of activities related to electricity generation from 100% renewable sources.
- Energy retailing, purchase and sale of electricity, including export and import, fuel retailing for energy production, natural gas retailing, CO2 emissions trading and telecommunications retailing; as well as all the necessary additional activities.

In 2003 the shares of Audax were admitted to trading on the secondary market of the Barcelona Stock Exchange and in 2007 they were included in the SIBE (integrated stock exchange system) of the Madrid Stock Exchange. Now the shares are traded on the Spanish Continuous Market with the ticker symbol of ADX.MC. From 23 March 2020 Audax Renovables, S.A. is included in the IBEX SMALL CAP ®.

In August 2016 Audax Energía, S.A., after its takeover bid had been accepted by 70.86% of the shareholders of Audax Renovables, became the majority shareholder the latter. The transaction was in line with the strategy of Audax Energía, S.A. of vertical integration between the generation and the retailing activities in order to mitigate the impact of electricity price fluctuations on the business margins.

On 25 January 2019 the Commercial Register in Barcelona registered the merger by absorption approved on 23 November 2018 by the board of directors of both companies, Audax Renovables, S.A. as the absorbing company, and Audax Energía, S.A. as the absorbed company.

The distribution of the share capital of Audax as at 31 December 2023 is as follows:

Shareholders	Shareholding	
	31/12/2023	31/12/2022
Eléctrica Nuriel, S.L. (*)	64.35%	64.32%
Rest of Shareholders (**)	35.47%	35.68%
Treasury shares	0.18%	0%
<b>Total</b>	<b>100%</b>	<b>100%</b>

(\*) Additionally, Eléctrica Nuriel, S.L.U. has various rights to purchase 40,000,000 shares of Audax Renovables, S.A., which represent 9.08% of the Company. (\*\*) Excelsior Times, S.L.U. holds 1.47% of direct shares in the Company

### 1.1 Organisational structure

The Group manages jointly the businesses of both generating 100% renewable energy and retailing electricity and gas in order to optimise the vertical integration that has been carried out. This allows the governing bodies of the company to facilitate the decision-making process within the existing business lines.

The information on the entity's management structure, the functions and the different regulations of the Board of Directors' committees is available in the Annual Report on Corporate Governance at the following link:

<https://www.audaxrenovables.com/conocenos/organos-de-gobierno/>

## 1.2. Company structure

The majority shareholder of Audax is Eléctrica Nuriel, S.L., which holds 64.35% of the shares, and the rest of shareholders hold 35.47%, while 0.18 % are treasury shares.

In turn, 100% of shares of Eléctrica Nuriel, S.L. belong to Excelsior Times, S.L.U. with its registered address at: Calle Temple No. 25, 08911 Badalona (Barcelona).

The most significant shareholders of the Audax Group are the following:

Shareholder	Total direct and indirect stake	
	Nº Shares	% equity
Eléctrica Nuriel, S.L.U.	283,332,165	64%
Purchasing rights of Eléctrica Nuriel, S.L.U.	40,000,000	9%
Global Portfolio Investments, S.L.	31,330,656	7%
Excelsior Times, S.L.U.	6,476,401	1%
Free Float	78,351,832	18%
Treasury shares	800,000	0%
<b>Total</b>	<b>440,291,054</b>	<b>100%</b>

The information on the companies of the Audax Group as at 31 December 2023 is available in the Appendix I to the notes to the consolidated annual accounts.

## 1.3. Profile and strategy

The Group's strategy in recent years has been centred around the following fundamental pillars:

1. To become the benchmark in 100% renewable energy generation by bolstering our project portfolio.
2. Strengthen Audax's leadership as the top independent retailer in the SME segment in Spain.
3. Double the profitability covering 2/3 of the energy supplied under long-term PPA contracts based on own and third parties' power generation plants.
4. Replicate the success achieved in Spain on the international markets where we already operate.

Moreover, as a response to the events of the recent years, when the energy market was affected by various macroeconomic circumstances, actions have been taken to strengthen the Group's strategy:

1. Improvement of the processes of estimation of future demand and consumption.
2. Implementation of more demanding trade policies in the different geographic regions where the group operates.
3. Improvement of the internal processes, policies and procedures.
4. Diversification of risk (country risk, client risk and commodity risk).

## 2. Evolution and results of the business

### 2.1. Significant events of the period

This directors' report shows the evolution of the Audax Group throughout the year 2023, when it achieved its best result in history by increasing its EBITDA to €96 million, 78% up from the same period of the previous year. The results are the consequence of the actions undertaken by the company over the last two years and may be summarised in the following points:

- Vertical integration between generation and retailing.
- Focus on the strategic segment of Audax (Corporate - SME)
- Improvement of the processes of estimation of future demand and consumption.
- Implementation of more demanding trade policies in the different geographic regions where the group operates.
- Improvement of the internal processes, policies and procedures.
- Diversification of risk (country risk, client risk and commodity risk).

All this, in addition to a greater volume of energy supplied and energy generated, has allowed to consolidate a volume of EBITDA, which is expected to be sustainable in the long run.

Additionally, the net financial debt has been reduced by 29% in comparison to the close of the previous year, thus demonstrating the Group's focus on operating cash generation, which has been applied this year and is to be continued in subsequent years in order to reduce financial debt.

The consolidated net result for the year amounts to €31 million in comparison to €8 million in the same period of the previous year, thus showing the results of the strategies implemented in the past and a substantial improvement in comparison to the same period of the previous year.

Audax has continued its operations of development, construction and setup of its power generation project portfolio, in spite of the delays in administrative procedures carried out by some of the official bodies. During this period the scheduled investment plan has been maintained in the various photovoltaic portfolio projects.

Audax Renovables is among the TOP 10 independent energy producers and retailers, and has been qualified by *Sustainalytics* as an ESG Low Risk Company, improving its performance in this area.

Among the most important events of the period we can point out the following:

- On 1 February 2023 the Audax Group signed a global agreement on market access with Shell Energy Europe Limited, under which the latter becomes, with certain exceptions, the external exclusive provider of electricity and natural gas to the Audax Group in Spain during an initial period of 5 years.  
The agreement ensures better access to future positions than by going directly to the wholesale market and improves the Group's working capital position, at the same time boosting its competitiveness in the market to offer differential products to its clients.  
This leads to a direct improvement of competitiveness of Audax in the Spanish market, creating as well a new impulse to attain the goals based on the vertical integration of its generation and retail activities in one solid financial position.
- The Board of Directors of the Company resolved to carry out a programme of repurchase of own shares (the "Repurchase Programme") in accordance with the authorisation granted by the General Meeting of Shareholders held on 16 June 2022.  
The Repurchase Programme was carried out on 6 to 8 February, involving a maximum of 800,000 shares, which represent 0.18% of current share capital of the Company, and the result was the purchase of the aforementioned number of shares at an average price of €1.2464/share and the payment of a total amount in cash of €997,123.
- On 28 February 2023 Audax Renovables (ADX.MC) was included in the MSCI World Small Cap, a global reference index, which groups the small capitalisation value companies in 23 countries of developed economies. Comprised of more than 4,000 listed companies, the index covers approximately 14% of the free float market capitalisation in each country.

- On 9 May 2023 the Company announced that the rating agency Ethifinance Ratings awarded the Audax Group a "BBB-" rating.
- On 17 May 2023 the Company incorporated a promissory note programme named "Audax 2023 Commercial Paper Note Programme" (Programa de Pagarés Audax 2023) on the Alternative Fixed-Income Market (MARF), with a maximum outstanding balance of €200,000,000 and maturity date on 17 May 2024.
- As at 30 June 2023, Eduard Romeu Barceló, for professional reasons, resigned as executive director of Audax Renovables, S.A., thus relinquishing all his roles in the Group.
- On 26 September 2023 Audax informed that the Parque Eólico Toabré project (in Panama), in which Audax Renovables, S.A. holds a share of 30%, certified the issue of a Corporate Green Bond programme amounting to USD\$200 million at the Panama Stock Exchange.
- Moreover, on 27 September 2023 it announced that Morningstar Sustainalytics ESG Rating qualified the company as "ESG Low Risk Company". The rating confirms the leadership of the Group in ESG performance and states that the risk of the Group experiencing negative impact from ESG factors is low.
- On 31 November it was announced that the Board of Directors of the Company approved unanimously on its session held on 9 November 2023 the draft of the merger balance of the joint merger plan of the Company, as the absorbing company, and its wholly owned subsidiary Generación Iberia, S.L.U., as the absorbed company. This merger allows to streamline the corporate structure of the group and to optimise the resources.
- On 7 December Audax signed a loan agreement (Senior facilities agreement) for the amount of €66,000,000 for the construction of a portfolio of 12 photovoltaic projects in Spain. This loan, led by the European Investment Bank (EIB), will allow to boost the set-up of a solar projects portfolio of 141 MWp of total capacity.
- Moreover, on 21 December the Company announced the commencement of the construction works of the photovoltaic project Lucero, located in the municipality of Carmona in the province of Seville, which will add a total capacity of 57.48 MWp to the Group's generation portfolio.
- As a subsequent event, on 17 January 2024 the Company signed a binding contract on repurchase and conversion of convertible bonds, named AUDAX RENOVABLES, S.A.'S GREEN SENIOR UNSECURED CONVERTIBLE BONDS DUE 2025 REPURCHASE AND CONVERSION AGREEMENT with an international investor, concerning the issue of €125 million in green bonds convertible to ordinary shares of the Company with maturity in 2025. Under this repurchase and conversion agreement two transactions will be carried out, the first one where Audax will repurchase 100 bonds for the price of €7,550,000, and the second one in which the bondholder will convert 314 bonds into newly issued shares of the Company at a price of €2.389 per share. The conversion of the aforementioned 314 bonds will involve the issue of a total of 13,139,725 shares of Audax of a new issue, representing 2.984% of the outstanding capital stock of the Company and 2.898% of the capital after the increase of capital. Moreover, and as a consideration for the exercise of the aforementioned right of conversion, the Company shall pay to the bondholder the amount of €6,888,152, equivalent to the difference between the par value of the converted bonds at the agreed value of €1.28 per share of the Company and 75.5% of the nominal value of the bonds subject to conversion (€23,707,000). This transaction will allow Audax to reduce its gross debt by a total of €41,400,000 and the net financial debt by €26,941,848, thus bringing about a new impulse to achieve the debt reduction goals.

## 2.2. Analysis of the results

The most significant figures for the year 2023 in comparison to 2022 are as follows:

Consolidated Income Statement	2023	2022	Var. (%)
Revenues	2,293,155	2,632,983	-13
Gross margin	236,300	143,817	64
EBITDA	96,132	54,142	78
EBIT	75,127	32,293	n.a.
<b>Net profit / loss</b>	<b>31,380</b>	<b>7,768</b>	<b>n.a.</b>
Net profit / loss attributable to parent company	29,030	3,539	720
Net profit / loss attributable to minority interests	2,350	4,229	-44

(1) Operating income = Ordinary income + other operating income

(2) Gross margin = Operating income + procurement

(3) EBITDA (Gross operating profit and loss) = Gross margin + wages and salaries + other operating expenses + impairment and profit or loss from disposal of fixed assets + negative differences in business combinations

(4) EBIT (Operating profit or loss) = Gross operating profit or loss (EBITDA) + amortisation and depreciation

The operating income decreased only by 13% in this period, still taking into account the decrease of prices in the markets where the Group operates in comparison to the same period of the previous year. Due to the increase of the energy supplied by the Group and the structuring of fixed prices (which, in some of the countries, affect the subsequent year), that income amounts to €2,293 million.

The gross margin and the EBITDA amount to €236 million and €96 million, after an increase of 64% and of 78% respectively, confirming the good consequences of the strategic decisions made in the previous year.

The consolidated net result for the year amounts to €31 million in comparison to €8 million in the same period of the previous year, thus showing the results of the strategies implemented and a substantial improvement in comparison to the same period of the previous year.

## 2.3. Profit and loss by segments

The overview of the results up to EBITDA of the main geographical regions is as follows:

2023	Spain and Portugal	Rest of Europe (1)	TOTAL CONSOLIDADO
Operating income	733,892	1,559,263	2,293,155
Costs of sales	-631,843	-1,425,012	-2,056,855
<b>Gross margin</b>	<b>102,049</b>	<b>134,251</b>	<b>236,300</b>
Operating expenses	-71,932	-65,061	-136,993
Impairment, reversal and profit (loss) on disposal	-2,155	-1,020	-3,175
Differences in business combinations	0	0	0
<b>EBITDA</b>	<b>27,962</b>	<b>68,170</b>	<b>96,132</b>

Rest of Europe (1) includes Italy, Poland, Germany, France, the Netherlands and Hungary.

EUR thousand

2022	Spain and Portugal	Rest of Europe (1)	TOTAL CONSOLIDATED
Operating income	1,263,198	1,369,785	2,632,983
Cost of sales	-1,174,340	-1,314,826	-2,489,166
<b>Gross margin</b>	<b>88,858</b>	<b>54,959</b>	<b>143,817</b>
Operating expenses	-52,731	-39,422	-92,153
Impairment, reversal and profit (loss) on disposal	-616	3,094	2,478
<b>EBITDA</b>	<b>35,511</b>	<b>18,631</b>	<b>54,142</b>

Rest of Europe (1) includes Italy, Poland, Germany, France, the Netherlands and Hungary.

EUR thousand

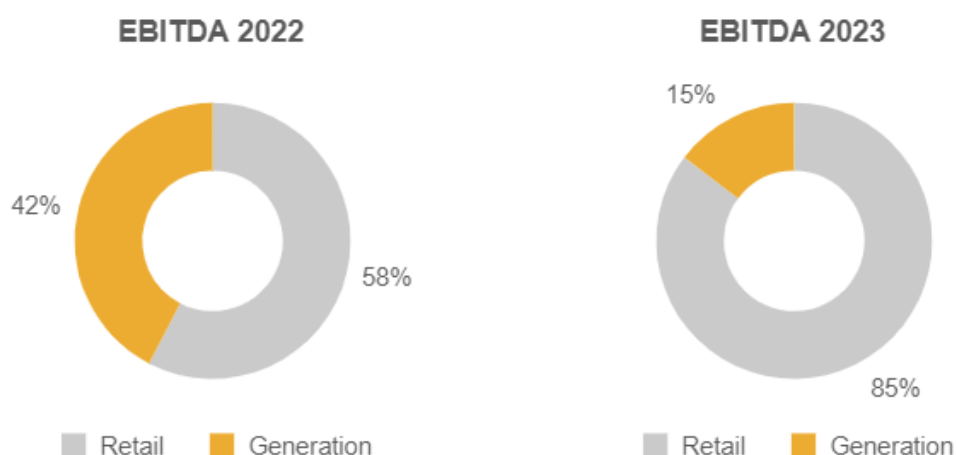
The consolidated EBITDA amounts to €96 million this year, meaning an increase of 78% from the same period of the previous year.

Gross margin over operating income in Spain and Portugal is of 14%, while in the previous year it was of 7%, and in the Rest of Europe it has increased from 4% to 9%.

Consolidated gross margin has increased from 144 million in 2022 to 236 million in the current year 2023.

A detail worth to be pointed out in this year 2023 is the increase of EBITDA in the Rest of Europe from the amount of €19 million in 2022 to €68 million at the end of 2023. It is due mainly to the good results obtained in the Netherlands, where the focus on the SME segment and the adequate price fixing policy made it possible to reverse the situation of the previous year. On the other hand, Hungary also has contributed to the obtained results due to the consolidation of the business and the entry into the gas market. With regard to Poland, it was possible to reverse the losses recorded in the previous period as a consequence of the regulatory changes, by exiting the gas market, a step which the Group saw itself compelled to make.

In Iberia, in spite of a reduction of the prices, the gross margin was 16% higher thanks to the efforts made in order to increase the profitability of the client portfolio. Only the increase of operating expenses resulting mainly from an increase of taxes has led to a decrease of EBITDA in comparison to the same period of the previous year.



In 2023 the EBITDA increased by 78% in comparison to 2022 and amounted to EUR 96 million.

With the energy supply of 13.8 TWh in this period, 5% more than in the same period of the previous year, the EBITDA from energy supply amounts to €7.0/MWh, in comparison to €4.1/MWh in the same period of 2022, thus demonstrating an improvement of the global profitability of the company.

Audax, recognising the importance of the vertical integration of its business, continues committed to the generation of 100% renewable energy. The EBITDA in generation has been affected both by the reduction of the prices of electricity in Spain, which were on average 48% lower in comparison to the same period of the previous year, and by not receiving the special remuneration for its wind farm in Spain. Therefore, and considering the increase of the EBITDA in retailing thanks to the previously mentioned factors by 163%, the weight of the contribution of the EBITDA in generation on the total figure has decreased from 42% to 15%.

Thus, in situation of volatility in the markets, it is confirmed that the vertical integration between generation and retailing gives strength to the results obtained by the Group. Consequently, the income from operations of the generation plants for the production not covered by PPA is lower than in the same period of the previous year, but as a consequence of the policy of vertical integration and fixing PPAs, the income has not been affected to a degree, which the reduction of prices in the markets would suggest.

## 2.4. Principal operating figures

The principal figures are as follows:

### Project portfolio:

As at the date of this report, the Group owns generation projects located 5 countries, considering wind and photovoltaic technologies.

The Group continues managing its portfolio in operation in both technologies in Spain, France, Poland and Panama, and managing the development of its photovoltaic portfolio located in Spain, Portugal and Italy, the strategic markets of the Group, where it already carries out its retailing activity.

The portfolio involves some projects in a very advanced stage of processing, of which 626 MWp are very close to the stage of Ready to Build. Moreover, 66 MWp of photovoltaic projects are in the construction stage, and other 263 MW are in operation.

### Project stages:

MW	Early Stage	Grid Connection	Environmental approval	Backlog	Under construction	Operation	Total pipeline
Spain	—	—	6	210	66	151	433
Portugal	—	—	—	211	—	—	211
Italy	—	170	—	29	—	—	199
France	—	—	—	—	—	12	12
Poland	—	—	—	—	—	34	34
Panama*	—	—	—	—	—	66	66
<b>TOTAL</b>	<b>0</b>	<b>170</b>	<b>6</b>	<b>450</b>	<b>66</b>	<b>263</b>	<b>955</b>



Project portfolio development:

In December 2022 construction works were initiated in the photovoltaic plants of Cuatro Caminos 1, 2, 3 and 4 in the municipality of Cabanillas del Campo (Guadalajara), of a total of 22 MWp. Even taking into account the shutdown in accordance with the DIA, by December 2023 the construction of the plants Cuatro Caminos 1, 2 and 3 was completed and they are currently being put into operation. Moreover, the construction works of the Cuatro Caminos 4 plant continued and are scheduled to be completed in February 2024.

The construction works of the project El Rebollo in the municipality of Yunquera de Henrares (Guadalajara) of a capacity of 4 MWp began in December 2022 and continued through the environmental shutdown. Even taking into account the adverse climate of the region in the second half of the year, the works continue according to the schedule and are expected to be completed in the second quarter of 2024.

In December 2023 the works of the project Lucero began after obtaining the Building Permit. This project, of a total of 57.46 MWp, is the largest photovoltaic project by Audax constructed to date, and is comprised of an exclusive transmission line of 30 kV connected to the substation SET Dulcero 30/220 as well as its 220 kV line shared with another developer. These transmission infrastructures are already fully operative, as is the collecting substation of Promotores Set Carmona 400 KV which connects all the infrastructure to the REE.

Overall, the Group's CAPEX investment in generation assets accumulated since the year 2020 totalled EUR 210 million, thus continuing its commitment to produce energy in its own power plants. It should be noted that the CAPEX investments carried out to date for the Cuatro Caminos and El Rebollo projects, as well as those for La Miranda and Zaratán were executed with own resources. These projects are part of the portfolio of 141 MWp for which at the end of the year the Group obtained a loan of €66,000,000 led through the European Investment Bank (EIB), which will allow to put into operation part of the solar portfolio of the Group.

In Panama, with regard to the project Parque Eólico Toabré (in which Audax holds 30%), on 29 August a refinancing transaction was closed with the issue of Corporate Green Bonds for the amount of USD\$ 200 million at the Panama Stock Exchange, in order to reduce the financial cost of the debt associated with this project.



The definition of the different stages is as follows:

**Early Stage:** These are the projects in which a guarantee has been deposited (if applicable) for applying for the access point and grid connection, the application for connection has been placed (with the distribution or transport company), and at least 50% of the necessary land lease agreements have been signed for the future location of the plant.

**Grid Connection:** These are the projects for which the permission for the access and grid connection has been granted by the distribution or transport company.

**Environmental approval:** These are the projects which were granted a favourable Declaration of Environmental Impact (DIA) by the competent body, this subcategory is considered only with regard to the projects located in Spain in order to certify the fulfilment of the goal under RDL 23/2020.

**Backlog:** These are projects which obtained from the competent body the Prior Administrative Approval (or an equivalent permit depending on the country) and have requested the Building Permit and Sectoral Permits.

**Under construction:** These are the projects that have obtained all the necessary permissions in order to proceed with the construction, have obtained the status of Ready to Build.

**Operation:** These are the projects whose construction has been completed, and they are in operation or are in the administrative stage of the application for the operating permit. The duration of this stage is the useful life of the plant.

Installed capacity and production:

The installed capacity by country is as follows:

Installed capacity (MW)	2023	%	2022	%	Var. (%)
Spain	151	54%	133	55%	13
France	12	5%	12	5%	0
Poland	34	14%	34	14%	0
Panama *	66	27%	66	27%	0
<b>Total</b>	<b>263</b>	<b>100%</b>	<b>245</b>	<b>100%</b>	<b>7</b>

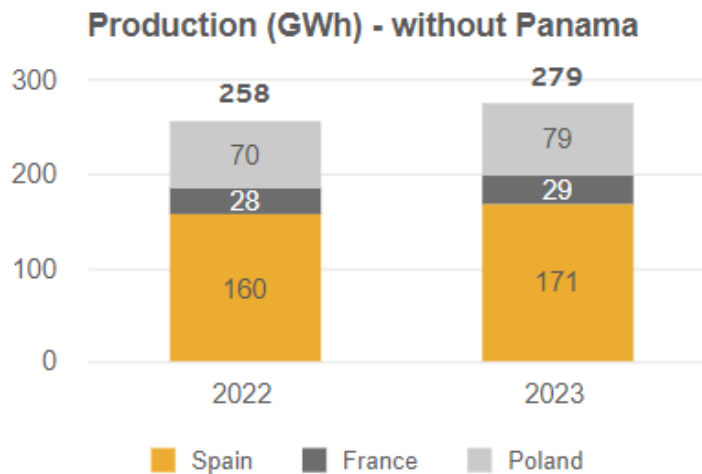
\* Audax holds a share of 30%

The distribution of the production by country is as follows:

Production (GWh)	2023	%	2022	%	Var. (%)
Spain	171	33%	160	43%	7
France	29	6%	28	7%	4
Poland	79	15%	70	19%	13
Panama *	242	46%	117	31%	107
<b>Total</b>	<b>521</b>	<b>100%</b>	<b>375</b>	<b>100%</b>	<b>39</b>

\* Audax holds a share of 30%

On a global level, the production in 2023 was of 279 GWh (without including Panama), 8% up from the same period of the previous year (+39% if the production in Panama is included). The production in Spain was higher (+7%) thanks to the contribution of energy from the new photovoltaic plants put into operation Spain. In Poland, the production was higher by 13% in comparison to the previous year due to stronger wind resources. In France the production was above (+4%) the level of the previous year.



### Wind Farms:

The Pedregoso A, B and D wind farms of 45 MW (Spain) have had good performance this year without significant incidents. However, the wind resource has been significantly inferior to the previous years, highlighted by the “El Niño” phenomenon, which has caused a decrease in production of 28% in comparison to the historical average and of 25% in comparison to the previous year. It should be noted that in 2023 the loan in the form of project finance related to these projects was returned in early repayment.

The Beausemblant wind farm (France) of 12 MW has had good wind resource and its production was 9% higher than the historical average and 3.5% higher than the production of the previous year. On the other hand, no significant technical incidents took place, which would affect the availability of the farm. The income of the plan was higher thanks to the price of the PPA, which was higher than in the previous year (+3%).

The wind farm Postolin (Poland) of 34 MW produced this year similar amounts to the historical average, however 2% lower, and 12% more than in the same period of the previous year. This circumstance, together with a PPA price higher than in the previous year, has allowed to increase substantially the income from Black Energy in comparison to 2022. With regard to the income from Green Certificates, it was lower due to the decrease of prices, which stabilised in the second half of the year around PLN 70/MWh.

The wind farm Toabré (Panama) of 66 MW, owned in 30% by Audax, is fully operative and expecting to obtain the licence for commercial operations in the second quarter of 2024 after the acceptance of the last tests carried out by Centro Nacional de Despacho (CND). Benefiting from the “El Niño” phenomenon, in 2023 the wind farm exceeded 242 GWh, which means a capacity factor of the plant of 42%. In 2023 a 15-year PPA was activated with the distribution companies (EDEMET, EDECHI, ENSA).

### Photovoltaic Plants:

The photovoltaic power generation plants of Audax, all of them located in Spain, have produced a total of 120 GWh, which is 34% more than in the same period of the previous year. The total sales of these plants in that period has been of EUR 7.2 million, in comparison to EUR 6.6 million of the same period of the previous year. This result was determined by the decrease of the price on the Spanish pool market (-48%) for the part of the production not subject to PPAs with the parent company, and a lower irradiance in the last quarter of the year in comparison to the same period of the previous year.

The breakdown would be as follows:

- Province of Guadalajara: the plants of Cañamares, Alberizas I, II, III and IV, Carolinas I and II and La Miranda, with installed capacity of 42 MWp together. In 2023 they obtained a larger production than in the same period of the previous year. The power plants generated 66 GWh in total, while the capacity factor of La Miranda was higher, it being a plant built with the technology of single

axis. According to the Group's protocols, preventive maintenance works have been carried out during the year in order to prepare the plants to a period of higher solar irradiation.

- Province of Toledo: the plants of Zarzuela I , II, III and IV, Los Arenales and El Toconal, with installed capacity of 30 MWp, have been obtaining the *performance ratio* in accordance with the forecasts and, similarly to Guadalajara, despite having had an inferior irradiance in the last quarter in comparison to the previous year, have obtained a larger production achieving 46 GWh. Throughout the year pertinent preventive and corrective works have been carried out according to the Group's protocols.
- Province of Huelva: the plant of Calañas of 4 MWp has continued its production according to the forecasts during 2023, and the production was higher than in the previous year in this second year. In this period preventive maintenance works and inspections have been carried out without any significant incidence. In this region, in contrast to the region of Toledo, the solar irradiation in the last quarter of the year was higher than in the same period of the previous year.
- Province of Valladolid: The plant of Zaratán 1 and 2 of 12 MWp, on completing the last tests to be carried out after the construction, has begun its normal production, and pertinent preventive maintenance works have been carried out. Similarly to the central region of the Peninsula (Toledo and Guadalajara), the solar irradiance has been lower than in the previous year.

#### Progress in construction:

##### **Cuatro Caminos 22 MWp (Guadalajara)**

After the environmental shutdown during the months of March to June in accordance with the DIA's, the works of the photovoltaic plants of Cuatro Caminos 1, 2, 3 and 4 have been recommenced and the works of the plants of Cuatro Caminos 1, 2 and 3 have been completed and the plants have begun their first commissioning tests as well as the preparation of the documentation for processing of the Start-up Protocol and energisation of the plant with the distribution company, REE and Junta de Castilla la Mancha.

As at the date of this report, the construction of the Cuatro Caminos 4 power plant has been also completed with its evacuation infrastructure, and the same administrative procedures have begun as those already ongoing for the three plants mentioned above.

##### **El Rebollo 4 MWp (Guadalajara)**

After the shutdown of works in the middle of March for the surveillance of a pair of imperial eagles present in the region, the works in the area were resumed and earthworks and surface levelling works have been completed. Moreover, all the materials necessary for the construction of the plant are already available at the site and the driving process for assembling the single axis solar trackers has begun. All the evacuation infrastructure, which could have been hindered by the proximity of the imperial eagle, has been completed in its entirety.

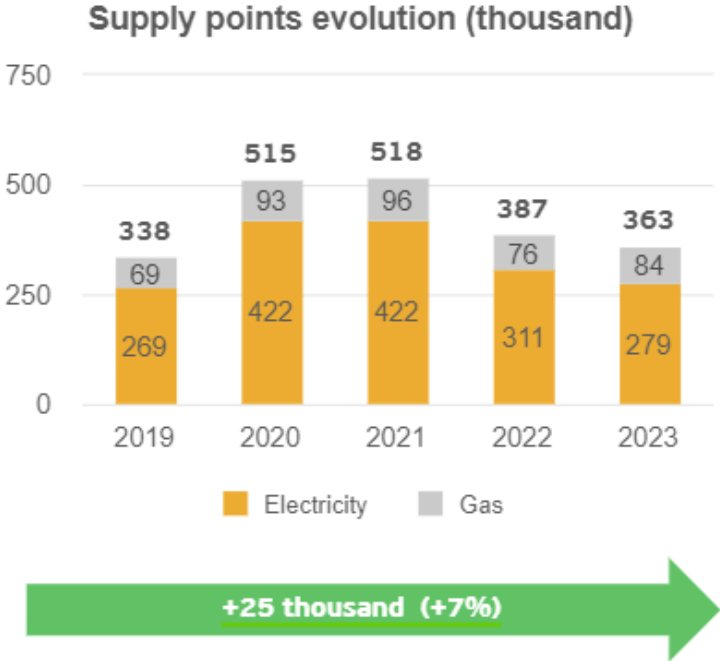
The works continue as scheduled.

##### **Lucero 57,46 MWp (Seville)**

In December 2023 the construction permit was obtained and immediately commenced the works of final topographical survey, topographical marking for building purposes, pull out tests and clearing of the plots where the power plant is to be located. Moreover, the pertinent environmental monitoring of the plant is being carried out, as is the purchase of the principal materials.

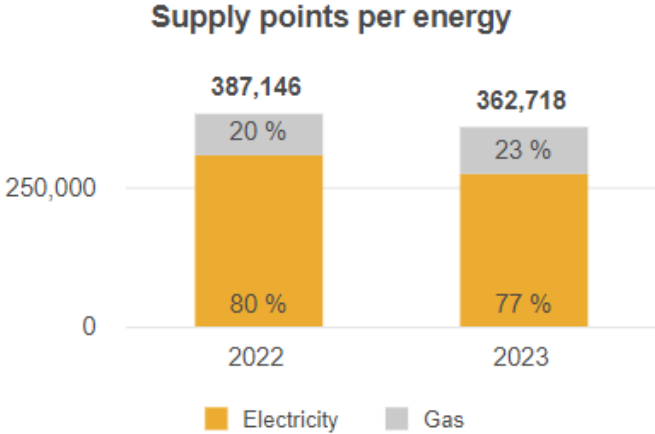
The works are being executed according to the schedule developed for the purpose of meeting the administrative milestones.

Supply points:



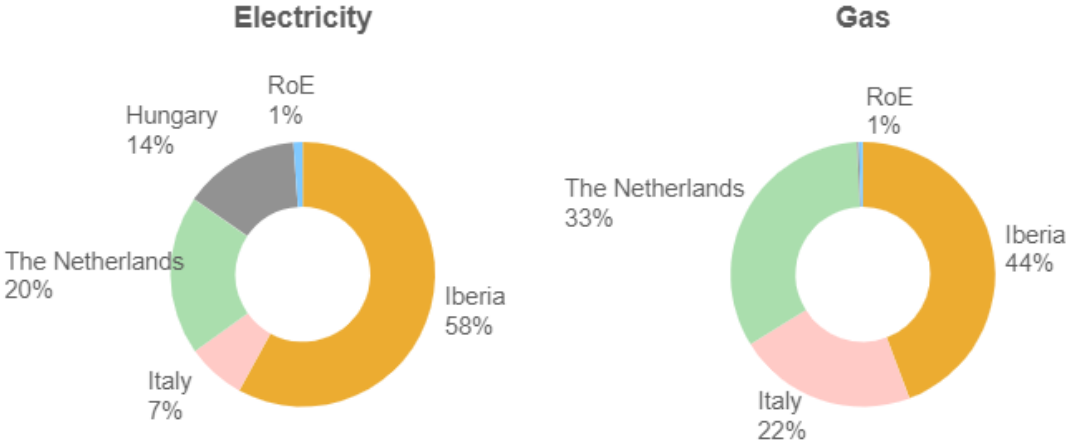
The number of supply points increased by 7% in the last five years, and now is a total of 363 thousand supply points, which clearly reflects the policy of both organic and inorganic growth, which the company has been following since its beginning.

In response to the changes experimented by the energy market in the years 2021 and 2022, the Group adopted necessary measures in order to adapt to the circumstances, by focusing its endeavours to strengthen the profitability over the growth of supply points.



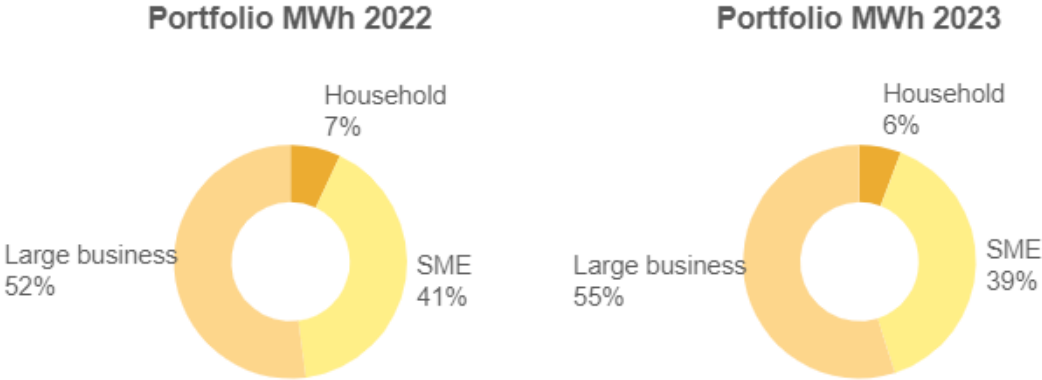
At the end of 2023 Audax continued applying the measures aimed to maximise the profitability and minimise the risk in all the countries, therefore the reduction of the number of supply points (-6% in comparison to the previous year) was strictly correlated with the improvement of the gross margin (+64%) and the EBITDA (+78%).

The distribution of the supply points by geographical region and type of energy at the end of the year 2023 is as follows:



Under the policy of risk mitigation, Audax continues the geographical diversification strategy, and the most important markets where Audax operates are as follows: Iberia, Hungary and the Netherlands regarding electricity supply, and Iberia, the Netherlands and Italy regarding natural gas supply. The Rest of Europe (RoE) corresponds to Poland and Germany.

The distribution of the MWh portfolio corresponding to the supply points owned by the Audax Group, itemised by type of client, is as follows:



Currently the industry sector means 55% of the total, and the SME represents 39% of the total of the energy portfolio. Lastly, the importance of the segment of household customer, which is not the target segment of the Group, was reduced from 7% to 6%.

The increase of the SME segment from 41% to 39% reinforces the Group's strategy in the segment of greater balance between profitability and risk.

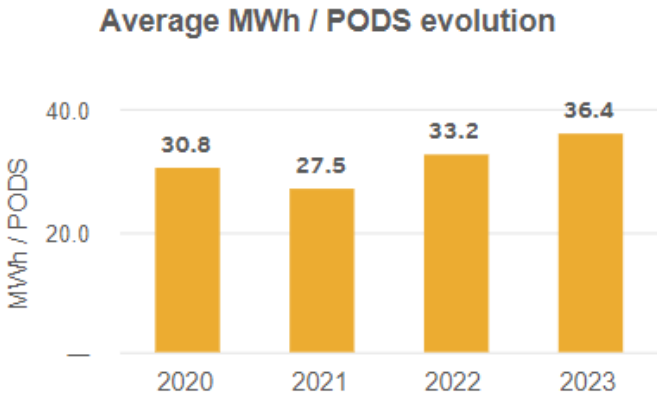
Despite this reduction of supply points, the energy portfolio has increased by 3% in comparison to the close of the previous year, reaching 13.2 TWh. This increase is marked mainly by the portfolio of natural gas, which was 27% higher than at the close of the previous year. On the other hand, the electricity portfolio in energy volume continues at similar levels as at the close of the year 2022.

In the composition of the energy portfolio the electricity occupies 69% of the total and gas occupies the remaining 31%. Electricity supply points constitute 77% of the total number, and gas supply points constitute the remaining 23%.

Thus Audax continues its strategy of geographical and client portfolio diversification, as well as the prioritisation of the margin over the supply points growth.

Audax remains focused on the corporate sector, which represents 94% of the total distribution of energy of the Group's portfolio by type of client.

Due to this strategy, the average volume of energy by each supply point increased by 18% in comparison to 2020, from the average of 30.8 MWh/year/PODS to the current 36.4 MWh/year/PODS, demonstrating the clear focus of the Group on the SME and industry segments, with a greater volume of energy by each unit of supply points.



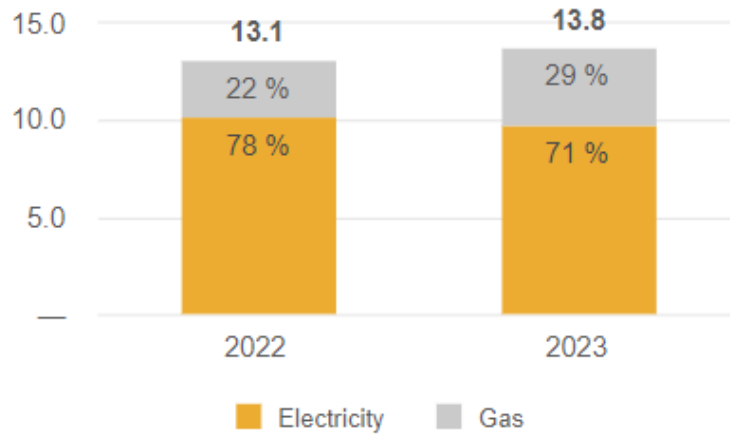
Supplied energy

The total amount of energy supplied by Audax in 2023 is of 13.8 TWh (+ 5%).

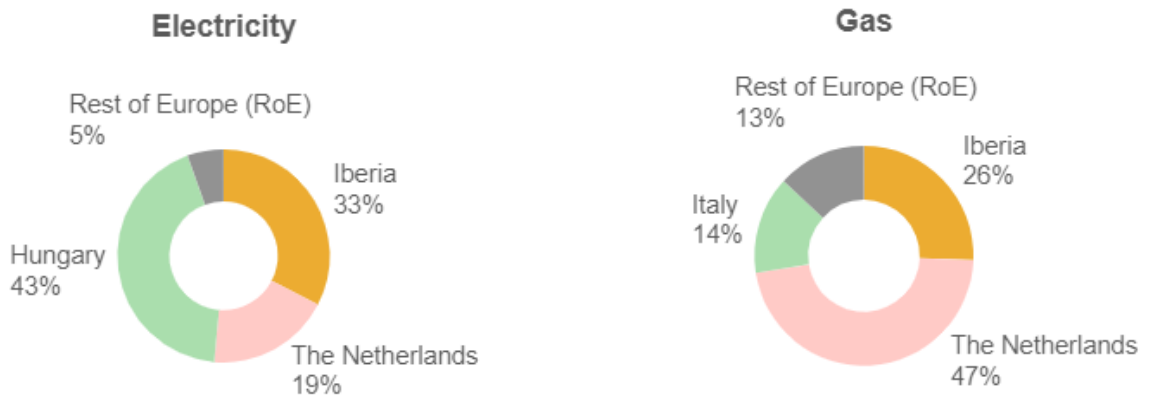
The various strategies of portfolio optimisation have allowed not only to increase the volume of supplied energy, but also to increase the gross margin and the EBITDA of the Group. Within the Group, supplied electricity represents 71%, whereas gas market occupies 29% of the total of the period, in comparison to 78% and 22% of the same period of the previous year, respectively.

As a result of the Group's focus on the corporate segment, growing in the SME segment, the increase of the volume of the energy supplied (+ 5%) was higher than the reduction of the supply points (-6%) in this period in comparison to the same period of the previous year, showing a clear tendency towards the company's target segment.

### Supplied energy (TWh)



The distribution of the supplied energy by geographical region and type of energy at the end of the year 2023 is as follows:



Hungary is the market where the Group supplies a greater amount of energy, while the Netherlands is the main market of natural gas supply.

The Iberian market occupies 33% and 26% of electricity and gas, respectively. The above is another evidence of the diversification of the supplied energy, aimed to mitigate the Group's risks.



### 3. Liquidity and Capital Resources

#### 3.1. Leverage

Net Financial Debt	Dec-23	Dec-22	Var.	%
Financial Debt <sup>(1)</sup>	582,774	641,748	-58,974	-9
Other financial liabilities	22,845	22,325	520	2
Assets and liabilities arising from derivatives	-11,696	-5,627	-6,069	108
Cash and other cash equivalents	-331,671	-290,502	-41,169	14
<b>Net financial debt (2)</b>	<b>262,252</b>	<b>367,944</b>	<b>-105,692</b>	<b>-29</b>
<b>Net Equity (3)</b>	<b>173,252</b>	<b>135,773</b>	<b>37,479</b>	<b>28</b>
<b>Leverage <sup>(4)</sup></b>	<b>60.2%</b>	<b>73.0%</b>	<b>-12.8</b>	<b>-18</b>
<b>EBITDA</b>	<b>96,132</b>	<b>54,142</b>	<b>41,990</b>	<b>78%</b>
<b>DFN / EBITDA Ratio</b>	<b>2.7x</b>	<b>6.8x</b>	<b>-4.1x</b>	<b>-60%</b>

(EUR thousand)

(1) Financial Debt = Debt from issued bonds and other negotiable securities + Amounts owed to credit institutions

(2) Net Financial Debt = Financial Debt + Other liabilities + Derivatives - Cash and other cash equivalents

(3) Net Equity = Net equity of the Parent Company + of the minority interests

(4) Leverage = Net Financial Debt / (Net Financial Debt + Net Equity)

As the Group continues implementing its policy of debt reduction, the gross financial debt amounts to EUR 583 million, which means a reduction of EUR 59 million from 2022. The Net Financial Debt amounts to EUR 262 million, compared to EUR 368 million as at 31 December 2022, thus the financial debt being reduced by EUR 106 million (-29%).

Cash and other cash equivalents balance amounts to EUR 332 million, in comparison to EUR 291 million at the close of June 2022, thus maintaining the solid liquidity position of the Group. Audax's leverage decreases to 60.2%, compared to 73.0% at the end of the previous year.

The analysis of the Group's ratio of net financial debt to EBITDA confirms the reduction of the leverage and the capacity of the Group to assume its debt, given the decrease from 6.8x to 2.7x.

Among the measures adopted by the Group in order to reduce its financial debt, there is the repurchase of bonds announced on 16 November 2023 for the issue with maturity in November 2027. A maximum amount of €50 million has been assigned, of which repurchase of €6 million has been carried out between November and December 2023.

In December 2023 a loan agreement (*Senior facilities agreement*) was signed, led through the European Investment Bank (EIB) for the amount of €66,000,000 without recourse to the parent company, which will allow to boost the set-up of a solar projects portfolio of 141 MWp of total capacity. At the end of the year the amount of €9 million was drawn up, which will enable the Group to recover the cash allocated in 2022 and 2023 to the construction of the photovoltaic plants.

Thanks to the stabilisation of the price volatility in various European markets and to the agreement with Shell, the Group maintains a solid financial position, which allows it to continue along its roadmap with regard to the development and construction of its portfolio of photovoltaic projects, as well as to continually reduce its debt.

### 3.2. Financial Debt structure

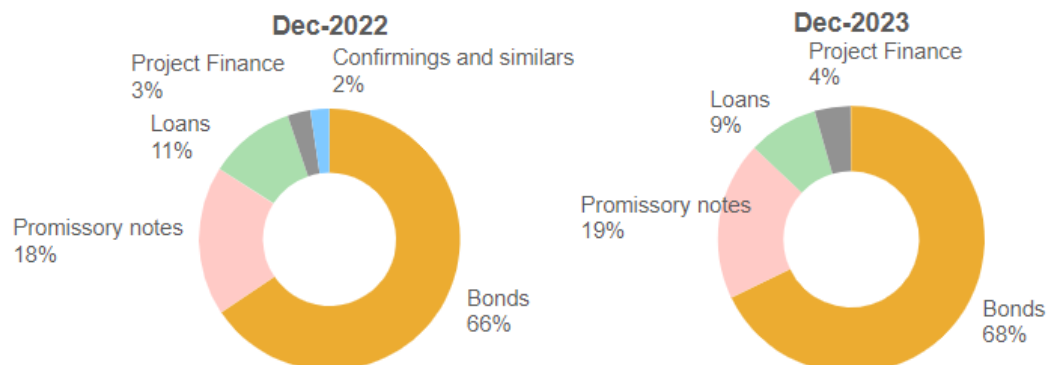
The changes of the financial debt between December 2022 and December 2023 is as follows:



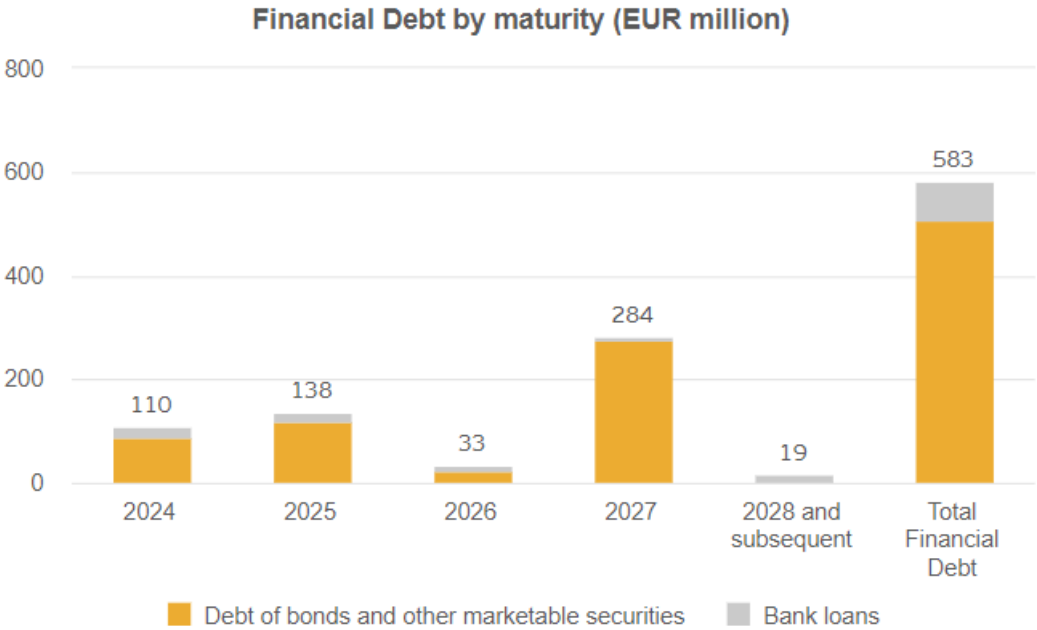
In regard to Financial Debt, its structure by type of debt is as follows:

Financial Debt structure	Dec-23	% of total	Dec-22	% of total
Bonds	395,173	68%	420,934	55%
Promissory notes	112,132	19%	118,735	29%
Loans	49,653	9%	68,723	10%
Project Finance	25,429	4%	18,238	3%
Reverse factoring and similar	383	0%	15,013	3%
Lines of credit	5	0%	105	0%
<b>Total Financial Debt</b>	<b>582,774</b>	<b>100%</b>	<b>641,748</b>	<b>100%</b>

(EUR thousand)



Financial Debt by maturity is set forth below:



Only 19% of it matures in 2024 and is below EUR 332 million in cash and its equivalents, meaning that the cash covers 3x short term financial debt, and the Group continues facing comfortably the maturity dates of its liabilities.

See Note 14 to the financial statements about Financial Liabilities for more detailed information.

**3.3. Rating management**

On 9 May 2023 the rating agency ETHIFINANCE RATINGS, formerly AXESOR, confirmed the rating of Audax Renovables, S.A. at "BBB-".



#### 4. Main risks and uncertainties

##### The Company's Risk Control and Management System

The Audax Renovables Group, in general terms, considers to be a risk any eventuality or contingency which might impede the Company's ability to successfully fulfil its business objectives.

In this regard, the Group is exposed to several risks which are inherent in different countries and markets where it operates and which can prevent it from implementing its strategies and achieving its objectives successfully. Therefore, the Board of Directors, aware of its importance, establishes a threshold of risk-opportunity in its *Risk Appetite Statement* and encourages the implementation of necessary mechanisms for the relevant risks to be adequately identified, managed and controlled according to its *General Policy of Risk Control and Management*.

According to the above, the *General Policy of Risk Control and Management* and, essentially, any activity aimed to control and mitigate the risks shall meet the following basic principles of procedure:

- a. Integrate the risk-opportunity vision established in the *Risk Appetite Statement* in the management and strategy of the Company.
- b. Ensure an appropriate separation of duties to guarantee an adequate level of independence.
- c. Constant evaluation of the mechanisms for hedging, transfer and mitigation, in order to ensure their suitability and the implementation of the best market practices.
- d. Guarantee the proper use of risk hedging instruments.
- e. Inform about the risks for the Group and about the implemented systems to mitigate them.
- f. Adjusting the Group's risk policy to all the specific policies which need to be developed in regards to risks.
- g. Ensure the adequate compliance with the Corporate Governance rules.
- h. Act at any time respecting the law and the Corporate Code of Ethics and Conduct.

The General Policy of Risk Control and Management and its basic principles are implemented according to the three lines of defence.

1. The First Line of Defence, represented in the functions of Business, operates the Group within the framework of the *General Policy of Risk Control and Management* and of the Delegation of Authority established by the Second Line of Defence, subject to the approval of the Risk Committee. The First Line of Defence shall meet the following responsibilities:
  - a. To identify, measure and communicate the opportunities as well as potential identified risks.
2. The Second Line of Defence, represented in the Risk Control functions, identifies, measures and controls the risks incurred by Business. The Risk Committee reports directly to the Board of Directors and is hierarchically independent of Business. The Second Line of Defence shall meet the following responsibilities:

- a. To establish a structure of policies, guidelines and limits and indicators of risk, as well as the corresponding mechanisms of their approval and deployment, which review and establish the risk appetite assumed annually in a qualitative and quantitative way, according to the established objectives and corresponding annual budgets, both at the Group and its main subsidiaries' level.
  - b. To continually identify relevant risks and threats, with regard to their possible impact on the key management goals and the financial statements (including contingent liabilities and other off-balance sheet risks).
  - c. To analyse those risks in each one of the businesses or corporate functions, as well as with regard to their integrated effect on the Group as a whole.
  - d. To measure and control the risks following homogeneous procedures and standards, which are common to the whole Group.
  - e. To analyse the risks associated to the new investments as an essential element in the process of decision making in profitability-risk approach.
  - f. To maintain a system of monitoring and control of the compliance of policies, guidelines and limits through adequate procedures and systems, including the contingency plans necessary in order to mitigate the impact of risk materialisation.
3. The Third Line of Defence, represented in the Internal Audit functions, verifies the correct and strict application of the established policies. Internal Audit reports directly to the Board of Directors and is hierarchically independent of the other Lines of Defence. The Third Line of Defence shall meet the following responsibilities:
- a. The constant evaluation of the suitability and efficiency of the application of the system and of the best practices and recommendations concerning risks from the perspective of their possible incorporation into the model.
  - b. To audit the integral control and management system by the Internal Audit Management.

Moreover, the *General Policy of Risk Control and Management* is developed and complemented through the specific risk management policies approved by the Risk Committee, validated by the Internal Audit, and which are in consonance with the *Risk Appetite Statement* and the *General Policy of Risk Control and Management* itself, such as the policy of market risk management or *Hedging Policy*, or the *programme of global risk management*, which is focused on the uncertainty of the financial markets and endeavours to minimise the potential unfavourable effects on its financial profitability.

In the Company's general Policy of Risk Control and Management, the risk factors are, in general, the ones specified below:

- a. Corporate governance risks.
- b. Financial risks.
  - a. Credit risk
    - i. Energy generation activity
    - ii. Energy retail activity
  - b. Market risk
  - c. Electricity market price volatility risk
  - d. Liquidity risk

- e. Interest rate risk
- f. Guarantee terms risk
- g. Access to finance
  - i. Exchange rate risk
  - ii. Capital management risk
  - iii. Financial restriction risk
- c. Risks related to the business sector
  - a. Macroeconomic risks
  - b. Market concentration risks
- d. Regulatory risk
  - a. Retail activity
  - b. Generation activity
- e. Competition risk
- f. Operational risks
  - a. Cost of deviation of demand for energy
  - b. Risk of malfunction
- g. Risk of exposition to the Spanish market
- h. Litigation and reclamation risk
- i. Dependence and concentration of qualified providers
- j. Risk related to the meteorological conditions
- k. Risks related to insurance
- l. Dismantling of facilities
- m. Dependence on factors impossible to be controlled by the Company
- n. Risks that are specific to the Company
  - a. Concentration in Audax ownership
  - b. Customer concentration
  - c. Information systems risk
  - d. Risk derived from debt
  - e. Key-person dependency risk
  - f. Risk of fraud
  - g. Other risks related to the retail activity
    - i. Risk of product or price of the retail activity
    - ii. Risk of reduced ability to negotiate price

## 5. R+D+i activities

As at 31 December 2023 the Group has allocated EUR 1,521 thousand to the R+D+i activities, while as at 31 December 2022 the amount allocated to this purpose was of EUR 1,293 thousand.

## 6. Staff

As at 31 December 2023 the number of the Group's employees is 754, while as at 31 December 2022 there were 787 employees.

## 7. Natural environment

Environmental aspects are borne in mind throughout the entire process of obtaining authorisation, building the generation plants and preparing the studies based on the legislation governing each country.

In the year 2023 and in relation to the operating facilities, the Group incurred environmental expenses amounting to EUR 72 thousand, mainly for wildlife conservation purposes (EUR 61 thousand in 2022).

## 8. Acquisition and disposal of treasury shares

As at 31 December 2023 Audax Renovables, S.A. owns 800,000 treasury shares acquired in 2023 for the amount of EUR 997 thousand, which reduced the consolidated net equity of the Group, all this in accordance with the share Repurchase Programme authorised by the General Meeting of Shareholders on 16 June 2022, which establishes the maximum amount of EUR 1,000 thousand assigned for the purpose.

As at 31 December 2022 the Parent Company did not own treasury shares.

## 9. Other important information

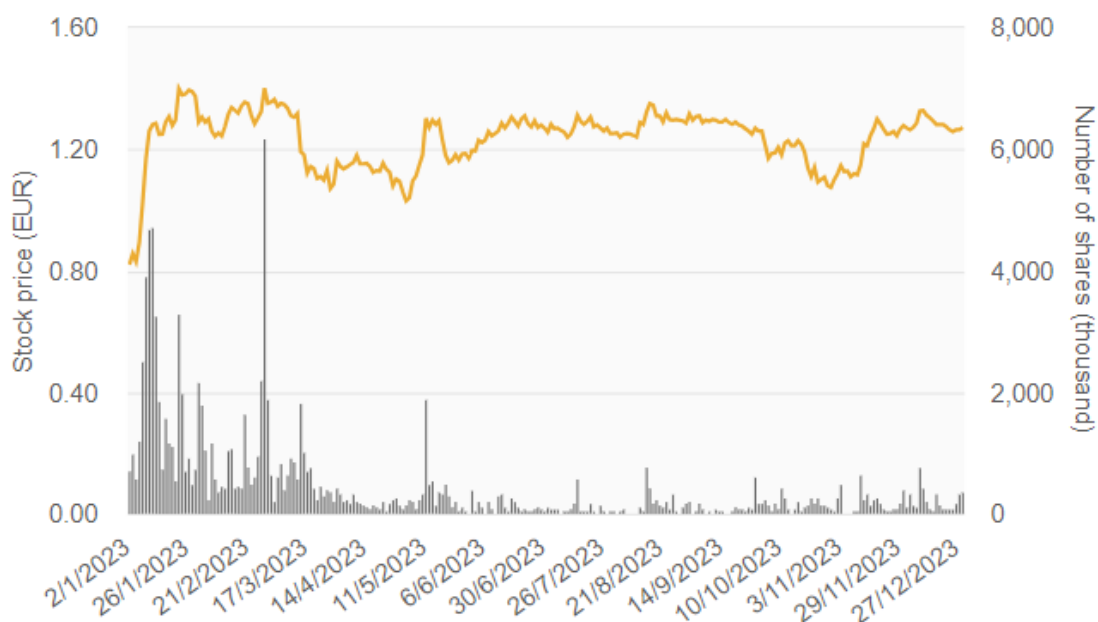
### 9.1. Stock market information

The majority shareholder of Audax Renovables is Eléctrica Nuriel, S.L., which holds 64.32% of the shares, and the rest of shareholders hold 35.68%. The most significant shareholders of the Group are as follows:

Shareholder	Total direct and indirect stake	
	No. of shares	% of share capital
Eléctrica Nuriel, S.L.U.	283,332,165	64.35%
Purchase rights of Eléctrica Nuriel, S.L.U.	40,000,000	9.08%
Global Portfolio Investments, S.L.	31,330,656	7.12%
Excelsior Times, S.L.U.	6,476,401	1.47%
Free Float	78,351,832	17.80%
Treasury shares	800,000	0.18%
<b>Total</b>	<b>440,291,054</b>	<b>100%</b>

From 23 March 2020 Audax Renovables, S.A. is included in the IBEX SMALL CAP®. Moreover, on 28 February 2023 the Company was included in the MSCI World Small Cap, a global reference index, which groups the small capitalisation value companies in 23 countries of developed economies.

The stock market evolution of Audax during 2023 was as follows:



The following table shows the main trading data:

Audax Renovables - ADX.MC	2023	Units
Number of shares admitted to trading	440,291,054	No.
Share price at the beginning of the period	0.750	€ / share
Share price at the end of the period	1.300	€ / share
Maximum trading price	1.401	€ / share
Minimum trading price	0.703	€ / share
Trading price fluctuation during the period	73.45	%
Capitalisation at the end of the period	572,378,370	€
Number of traded shares	228,271,944	No.
Effective volume	269,783,945	€
Daily volume of traded shares (average)	594,458	No.
Effective daily volume (average)	702,562	€

## 9.2. Dividend policy

The goal of the Board of Directors of Audax is to maximise the remuneration to the shareholders.

Audax endeavours to ensure the dividend payout, providing that pertinent factors are fulfilled regarding cash generation and distributable reserves availability. Due to these determinants, it is not possible to guarantee the amount of the dividend nor the year in which the distribution is going to take place.



### 9.3. Other information

#### Alternative Performance Measures (APM)

In order to supplement the consolidated financial statements presented in accordance with the International Financial Reporting Standards adopted by the European Union (IFRS-UE) Audax reports on Alternative Performance Measures (APM). In compliance with IFRS-UE, these measures, in addition to the financial ones, are used for the purpose of establishing budgets and goals and of managing business, assessing its financial and operating performance and comparing it with previous periods and with the performance of the competitors. The presentation of such measures is assumed to be helpful because they can be used for analysis and comparison of profitability between companies and industries, as the impact of the financial structure of the accounting effects other than cash flows are excluded.

Non-financial measures are also presented, because these and other similar measures are generally used by investors, securities analysts and other brokers as complementary performance measures.

The APM included in this management report have been calculated and presented according to the same methodology applied to all the periods.

The APM that the Group considers most important are set out below:

The main operating figures are as follows:

<b>Production (GWh)</b>	<b>2023</b>	<b>%</b>	<b>2022</b>	<b>%</b>	<b>Var. (%)</b>
Spain	171	33%	160	43%	7
France	29	6%	28	7%	4
Poland	79	15%	70	19%	13
<b>Total</b>	<b>279</b>	<b>100%</b>	<b>258</b>	<b>100%</b>	<b>8</b>

Country / Figure	Supply Points			Portfolio (GWh)		
	2023	2022	% Var.	2023	2022	% Var.
<b>Spain and Portugal</b>	<b>198,846</b>	<b>199,792</b>	<b>0%</b>	<b>3,873</b>	<b>4,067</b>	<b>-5%</b>
Electricity	161,842	163,211	-1%	2,714	3,191	-15%
Gas	37,004	36,581	1%	1,159	876	32%
<b>Italy</b>	<b>38,325</b>	<b>45,578</b>	<b>-16%</b>	<b>748</b>	<b>721</b>	<b>4%</b>
Electricity	20,037	32,486	-38%	314	358	-12%
Gas	18,288	13,092	40%	434	363	19%
<b>Germany</b>	<b>907</b>	<b>1,829</b>	<b>-50%</b>	<b>22</b>	<b>122</b>	<b>-82%</b>
Electricity	506	1,016	-50%	7	51	-86%
Gas	401	813	-51%	15	71	-78%
<b>Poland</b>	<b>2,620</b>	<b>3,773</b>	<b>-31%</b>	<b>118</b>	<b>170</b>	<b>-31%</b>
Electricity	2,620	3,773	-31%	118	170	-31%
<b>The Netherlands</b>	<b>82,046</b>	<b>77,275</b>	<b>6%</b>	<b>3,861</b>	<b>3,427</b>	<b>13%</b>
Electricity	54,377	52,038	4%	1,904	1,617	18%
Gas	27,669	25,237	10%	1,957	1,811	8%
<b>Hungary</b>	<b>39,973</b>	<b>58,898</b>	<b>-32%</b>	<b>4,582</b>	<b>4,331</b>	<b>6%</b>
Electricity	39,777	58,831	-32%	4,096	4,260	-4%
Gas	196	67	193%	487	71	587%
<b>TOTAL</b>	<b>362,717</b>	<b>387,145</b>	<b>-6%</b>	<b>13,204</b>	<b>12,838</b>	<b>3%</b>
<b>Total Electricity</b>	<b>279,159</b>	<b>311,355</b>	<b>-10%</b>	<b>9,152</b>	<b>9,646</b>	<b>-5%</b>
<b>Total Gas</b>	<b>83,558</b>	<b>75,790</b>	<b>10%</b>	<b>4,052</b>	<b>3,192</b>	<b>27%</b>

Supplied Energy (GWh)	2023	2022	% Var.
<b>Iberia</b>	<b>4,218</b>	<b>4,556</b>	<b>14</b>
Electricity	3,188	3,589	10
Gas	1,030	967	33
<b>The Netherlands</b>	<b>3,726</b>	<b>3,096</b>	<b>4</b>
Electricity	1,841	1,552	0
Gas	1,885	1,544	8
<b>Hungary</b>	<b>4,713</b>	<b>4,598</b>	<b>n.a.</b>
Electricity	4,214	4,581	n.a.
Gas	498	17	n.a.
<b>Rest of Europe (RoE)</b>	<b>1,145</b>	<b>892</b>	<b>45</b>
Electricity	539	477	29
Gas	605	415	81
<b>TOTAL SUPPLIED ENERGY</b>	<b>13,802</b>	<b>13,143</b>	<b>48</b>
<b>Total Electricity</b>	<b>9,783</b>	<b>10,200</b>	<b>56</b>
<b>Total Gas</b>	<b>4,019</b>	<b>2,943</b>	<b>26</b>

The main financial figures are as follows:

Alternative Performance Measures (APM)	Definition	Unit	Comparative		Purpose and usability
			2023	2022	
<b>Economic and Financial figures</b>					
<b>Revenues</b>	Ordinary income + other operating income	M€	2,293,155 € = 2,290,438 € + 2,717 €	2,632,983 € = 2,625,893 € + 7,090 €	Analytical measure related to the profit of the company that considers the income related to its operational activity
<b>Gross margin</b>	Operating income - Cost of sales	M€	236,300 € = 2,293,155 € - 2,056,855 €	143,817 € = 2,632,983 € - 2,489,166 €	Measure of the company's activity performance that provides information related to the net sales by deducting its incurred costs
<b>EBITDA</b>	Operating income - Cost of sales - Operating expenses - Impairment and profit (loss) on disposal of fixed assets	M€	96,132 € = 2,293,155 € - 2,056,855 € - 136,993 € - 3,175 €	54,142 € = 2,632,983 € - 2,489,166 € - 92,153 € + 2,478 €	Measure that determines the productive profitability used by investors in company valuation
<b>EBIT</b>	EBITDA - Assets amortisation	M€	75,127 € = 96,132 € - 21,005 €	32,293 € = 54,142 € - 21,849 €	Measure that determines the productive profitability taking into account the depreciation of the assets and is used by investors in company valuation (operating result)
<b>Financial debt</b>	Debt of bonds and other marketable securities + Bank debts	M€	582,774 € = 418,484 € + 88,821 € + 54,619 € + 20,850 €	641,748 € = 458,158 € + 81,511 € + 66,093 € + 35,986 €	Financial indicator that measures the financial liabilities received from third parties
<b>Net financial debt</b>	Financial Debt + Other financial liabilities + Derivatives + Cash and other financial assets	M€	262,252 € = 582,774 € + 22,845 € - 11,696 € - 331,671 €	367,944 € = 641,748 € + 22,325 € - 5,627 € - 290,502 €	Financial indicator that measures the short and long-term indebtedness of companies by deducting the cash-equivalents, financial investments and

					financial asset guarantees
<b>Net equity</b>	Parent Company Net Equity + minority interests	M€	173,252 €	135,773 €	Net equity amount used to calculate the net financial debt
<b>Leverage</b>	Net Financial Debt / ( Net Financial Debt + Net Equity)	M€	60.2% = 262,252 € / (262,252 € + 173,252 €)	73.0% = 367,944 € / (367,944 € + 135,773 €)	Measure of the ratio related to the net debt to the group's equity
<b>Net Financial Debt without IFRS 16 effect</b>	Net Financial Debt - IFRS 16 effect	M€	247,733 € = 262,252 € - 14,519 €	347,266 € = 367,944 € - 20,678 €	Financial indicator that measures the ratio of the net financial debt deducting the effect of the financial lease liabilities
<b>Leverage without IFRS 16 effect</b>	Net Financial Debt without IFRS 16 effect / ( Net Financial Debt without IFRS 16 effect + Net Equity )	M€	58.8% = 247,733 € / (247,733 € + 173,252 €)	71.9% = 347,266 € / (347,266 € + 135,773 €)	Financial indicator that measures the ratio related to the net debt deducting the effect of the financial lease liabilities to the group's equity

The main stock market figures are as follows:

Alternative Performance Measures (APM)	Definition	Unit	Comparative		Purpose and usability
			2023	2022	
<b>Stock Market figures</b>					
<b>Number of shares admitted to trading</b>	NA	No. of shares	440,291,054 of shares	440,291,054 of shares	Total number of shares traded in the stock market
<b>Share price at the beginning of the period</b>	NA	€ / share	0.750 € / share	2.140 € / share	Price at the beginning of the reporting period for traded shares on the stock exchange
<b>Share price at the end of the period</b>	NA	€ / share	1.300 € / share	1.944 € / share	Price achieved at the end of the reporting period by the traded shares on the stock exchange
<b>Maximum trading price</b>	NA	€ / share	1.401 € / share	2.720 € / share	Highest price achieved by the shares traded on the exchange during the reporting period
<b>Minimum trading price</b>	NA	€ / share	0.703 € / share	1.358 € / share	Lowest price achieved by the securities traded on the stock exchange during the reporting period
<b>Trading price fluctuation during the period</b>	((Share price at the end of the period - Share price at the beginning of the period) / Share price at the beginning of the period) * 100	%	73.45% = ((1.3 - 0.7495) / 0.75) * 100	-9.16% = ((1.94 - 2.14) / 2.14) * 100	Percentage change in the amount per share at the beginning and end of the reporting period
<b>Capitalisation at the end of the period</b>	Number of shares admitted to trading * Share price at the end of the period	€	572,378,370 € = 440,291,054 of shares * 1.300 € / share	855,925,809 € = 440,291,054 of shares * 1.944 € / share	Value of the company's shares based on the trading price at the end of the period.
<b>Number of traded shares</b>	∑ traded shares	No. of shares	228,271,944 of shares	411,665,648 of shares	Sum of the volume of shares traded during the reporting period

<b>Effective volume</b>	Amount related to the number of traded shares	€	269,783,945 €	818,130,934 €	Sum of the volume in EURO of shares traded during the reporting period
<b>Daily volume of traded shares (average)</b>	Average of traded shares in a day	No. of shares	594,458 of shares	1,601,812 of shares	Average volume of shares traded during the reported period
<b>Effective daily volume (average)</b>	Average of the amount relative to the number of shares traded	€	702,562 €	3,183,389 €	Average volume in EUR of traded shares during the reported period

## 10. Significant events subsequent to the balance sheet date

On 16 January 2024 the Company informed about the repurchase of bonds carried out in the period between 17 November 2023 and 31 December 2023 in a total of 60 transactions for the nominal amount of €6 million.

On 17 January 2024 the Company signed a binding contract on repurchase and conversion of convertible bonds, named AUDAX RENOVABLES, S.A.'S GREEN SENIOR UNSECURED CONVERTIBLE BONDS DUE 2025 REPURCHASE AND CONVERSION AGREEMENT with an international investor, concerning the issue of €125 million in green bonds convertible to ordinary shares of the Company with maturity in 2025.

Under this repurchase and conversion agreement two transactions will be carried out, the first one where Audax will repurchase 100 bonds for the price of €7,550,000, and the second one in which the bondholder will convert 314 bonds into newly issued shares of the Company at a price of €2.389 per share.

The conversion of the aforementioned 314 bonds will involve the issue of a total of 13,139,725 shares of Audax of a new issue, representing 2.984% of the outstanding capital stock of the Company and 2.898% of the capital after the increase of capital. Moreover, and as a consideration for the exercise of the aforementioned right of conversion, the Company shall pay to the bondholder the amount of €6,888,152, equivalent to the difference between the par value of the converted bonds at the agreed value of €1.28 per share of the Company and 75.5% of the nominal value of the bonds subject to conversion (€23,707,000).

This transaction will allow Audax to reduce its gross debt by a total of €41,400,000 and the net financial debt by €26,941,848, thus bringing about a new impulse to achieve the debt reduction goals.

## 11. Average period of payment to suppliers

As specified in Note 16, the Company's average period of payment to suppliers in the year was of 35.1 days.

## **12. Non-financial information statement**

The Consolidated Non-Financial Information Statement has been prepared in accordance with the standards of the Global Reporting Initiative (GRI), constitutes part of the Directors' Report and is presented in the following document attached.

# **Audax Renovables, S.A. and Subsidiaries**

Independent Limited Assurance  
Report on the Consolidated  
Non-Financial Information  
Statement for the year ended  
31 December 2023

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



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

## **INDEPENDENT LIMITED ASSURANCE REPORT ON THE CONSOLIDATED NON-FINANCIAL INFORMATION STATEMENT OF AUDAX RENOVABLES, S.A. AND SUBSIDIARIES FOR 2023**

To the Shareholders of Audax Renovables, S.A.,

In accordance with Article 49 of the Spanish Commercial Code, we have performed the verification, with a scope of limited assurance, of the accompanying Consolidated Non-Financial Information Statement (“NFIS”) for the year ended 31 December 2023 of Audax Renovables, S.A. and Subsidiaries (“Audax Renovables” or “the Group”), which forms part of the Group's Consolidated Directors’ Report.

The content of the NFIS includes information, additional to that required by current Spanish corporate legislation relating to non-financial reporting, that was not the subject matter of our verification. In this regard, our work was limited solely to verifying the information identified in the “Table of contents - Law 11/2018 and GRI standards”, “Taxonomy Calculation Methodology” and “Taxonomy Reporting Tables (Revenue, CAPEX and OPEX)” Appendices (“the Appendices of the NFIS”).

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### **Responsibilities of the Directors**

The preparation and content of the NFIS included in Audax Renovables’ Directors’ Report are the responsibility of the directors of Audax Renovables, S.A. The NFIS was prepared in accordance with the content specified in current Spanish corporate legislation and with the criteria of the selected Global Reporting Initiative Sustainability Reporting Standards (GRI standards), as well as other criteria described as indicated for each matter in the “Table of contents - Law 11/2018 and GRI standards” Appendix of the NFIS.

These responsibilities of the directors also include the design, implementation and maintenance of such internal control as is determined to be necessary to enable the NFIS to be free from material misstatement, whether due to fraud or error.

The Board of Directors of Audax Renovables, S.A. is also responsible for defining, implementing, adapting and maintaining the management systems from which the information necessary for the preparation of the NFIS is obtained.

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## Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA), which is based on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Management 1 (ISQM 1) which requires the firm to design, implement and operate a quality control system that includes policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our engagement team consisted of professionals who are experts in reviews of non-financial information and, specifically, in information on economic, social and environmental performance.

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## Our Responsibility

Our responsibility is to express our conclusions in an independent limited assurance report based on the work performed. We conducted our work in accordance with the requirements established in International Standard on Assurance Engagements (ISAE) 3000 Revised, Assurance Engagements other than Audits or Reviews of Historical Financial Information, currently in force, issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC), and with the guidelines published by the Spanish Institute of Certified Public Accountants on attestation engagements regarding non-financial information statements.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and, consequently, the level of assurance obtained is substantially lower.

Our work consisted of requesting information from management and the various units of Audax Renovables, S.A. that participated in the preparation of the NFIS, reviewing the processes used to compile and validate the information presented in the NFIS, and carrying out the following analytical procedures and sample-based review tests:

- Meetings held with personnel of Audax Renovables to ascertain the business model, policies and management approaches applied, and the main risks relating to these matters, and to obtain the information required for the external review.

- Analysis of the scope, relevance and completeness of the contents included in the 2023 NFIS based on the materiality analysis performed by Audax Renovables and described in section 2.6 "Materiality Analysis" thereof, taking into account the contents required under current Spanish corporate legislation.
- Analysis of the processes used to compile and validate the data presented in the 2023 NFIS.
- Review of the information relating to risks and the policies and management approaches applied in relation to the material matters presented in the 2023 NFIS.
- Verification, by means of sample-based review tests, of the information relating to the contents included in the 2023 NFIS, and the appropriate compilation thereof based on the data furnished by information sources.
- Obtainment of a representation letter from the directors and management.

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### Emphasis of Matter

Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, based on the Delegated Acts adopted in accordance with the provisions of that Regulation, establishes the obligation to disclose information on how and to what extent an undertaking's activities are associated with eligible economic activities in relation to the environmental objectives of the sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and control and the protection and restoration of biodiversity and ecosystems (the other environmental objectives), and in respect of certain new activities included in the climate change mitigation and climate change adaptation objectives, for the first time for 2023, in addition to the information referring to eligible and aligned activities required in 2022 in relation to the climate change mitigation and climate change adaptation objectives. Therefore, the accompanying NFIS does not include comparative information on eligibility in relation to the other environmental objectives indicated above or to the new activities included in the climate change mitigation and climate change adaptation objectives. Also, since the information relating to 2022 was not required with the same level of detail as in 2023, the information disclosed in the accompanying NFIS is not strictly comparable either. In addition, it should be noted that the directors of Audax Renovables have included information on the criteria which, in their opinion, best enable them to comply with the aforementioned obligations and which are defined in the "Taxonomy Reporting Tables (turnover, CAPEX and OPEX)" appendix of the accompanying NFIS. Our conclusion is not modified in respect of this matter.

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## Conclusion

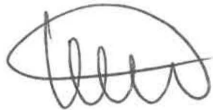
Based on the procedures performed in our verification and the evidence obtained, nothing has come to our attention that causes us to believe that the NFIS of Audax Renovables for the year ended 31 December 2023 was not prepared, in all material respects, in accordance with the content specified in current Spanish corporate legislation and with the criteria of the selected GRI standards, as well as other criteria described as indicated for each matter in the “Table of contents - Law 11/2018 and GRI standards”, “Taxonomy Calculation Methodology” and “Taxonomy Reporting Tables (turnover, CAPEX and OPEX)” Appendices of the NFIS.

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## Use and Distribution

This report has been prepared in response to the requirement established in corporate legislation in force in Spain and, therefore, it might not be appropriate for other purposes or jurisdictions.

DELOITTE, S.L.



José Ricardo González Rosal

27 February 2024



**Non-Financial Information  
Statement 2023  
AUDAX RENOVABLES  
and subsidiaries**

**For the year ended on  
31 December 2023**



## NON-FINANCIAL INFORMATION STATEMENT

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## Presentation Letter

Audax Renovables makes available to its stakeholders the Non-Financial Information Statement for the year 2023. This report is an exercise in transparency that provides verified information about the situation, strategy, activities, plans, and progress in the area of sustainability, both internally and externally.

The Group aims to position itself as a leader in the renewable energy sector, with a vertical integration model of its renewable energy production and retail activities. Since 2019, Audax Renovables has broadened the focus on renewable energy production activities to provide the company with a portfolio of photovoltaic and wind projects, which will ensure the sustainability of the business at a medium and long term, to guarantee an efficient and responsible supply of energy and demonstrating the company's strong commitment to its customers, shareholders, and all stakeholders.

The fight against the climate change and the commitment to the energy transition are two of the main challenges addressed by the Group in the area of sustainability. Society is changing the way in which the energy is produced, distributed, and consumed, and the regulators are promoting climate neutrality policies, that prioritise renewable energy consumption over fossil fuels as a pathway to decarbonisation.

Renewable sources are key to the energy transition, and therefore the Group's main objective is to increase the number of energy generation projects and provide the company with a robust portfolio of projects. The company's energy generation projects are being carried out according to the best practices in construction and operation of power plants, ensuring the protection of the environment, preservation of biodiversity and conservation of historic heritage, ensuring the welfare of the local communities where it operates and compliance with the applicable legislation.

In this way, the Group reaffirms its commitment to sustainability, convinced that the integration of the ESG aspects into the Group's strategy will help business growth and generate value for the society in the transition process of the energy sector, contributing to the social welfare and preserving the environment.

During this year the Audax Renovables Group has continued creating a solid foundation demonstrated by the improvement of the financial results obtained in recent months. Furthermore, the company has been rated by Morningstar Sustainalytics ESG Rating\* as an "ESG Low Risk Company" or low ESG risk company. The rating confirms its leadership position in ESG performance, placing Audax in the TOP 10 among independent power producers and traders.

None of this would be possible without the people who are part of the Group. The organization's objectives are being achieved thanks to the effort and dedication of its employees. Ensuring and working for the well-being and professional development of employees are fundamental principles for the Company, as well as promoting equality, diversity, and the principles of non-discrimination.

Once again, the Group maintains its commitment to the Sustainable Development Goals included in the 2030 Agenda, the Ten Principles of the United Nations Global Compact, the European Green Deal and the National Integrated Energy and Climate Plan. Consequently, the commitment of the Group and all its employees is to continue along these lines in order to achieve the company's objectives and continue creating value for our stakeholders, the society, and the environment.

## 1 Audax Renovables Group

### 1.1 Our Business

Founded in the year 2000, Audax Renovables (hereinafter, the "Group", "Audax" or the "Company") is an independent energy Group, leader in the SME segment in Spain, whose activities are focused on energy production from 100% renewable sources and supplying electricity and natural gas retail. Its business model is based on vertical integration, guaranteeing efficient supply of energy to customers.

After more than two decades present in the sector, the Company is experiencing significant growth and supplies energy to more than 360,000 customers in 8 European countries (Spain, Portugal, France, Italy, the Netherlands, Germany, Poland, Hungary) and Panama. The Group comprises more than 80 subsidiary companies and has a team of 755 employees.

Its main objective is to lead the energy transition in its sector, continuing its activity of electricity and gas supply, investing in electricity generation from 100% renewable sources and contributing to the improvement of the European energy mix and the economy decarbonisation, through both activities.

### International presence

#### Production of renewable energy

The Group promotes all kinds of activities related to energy production from 100% renewable sources, primarily wind and solar energy. The Group manages a portfolio of 1 GW renewable energy generation projects, including wind farms and solar plants in Spain, France, Poland, Portugal, Italy, and Panama.

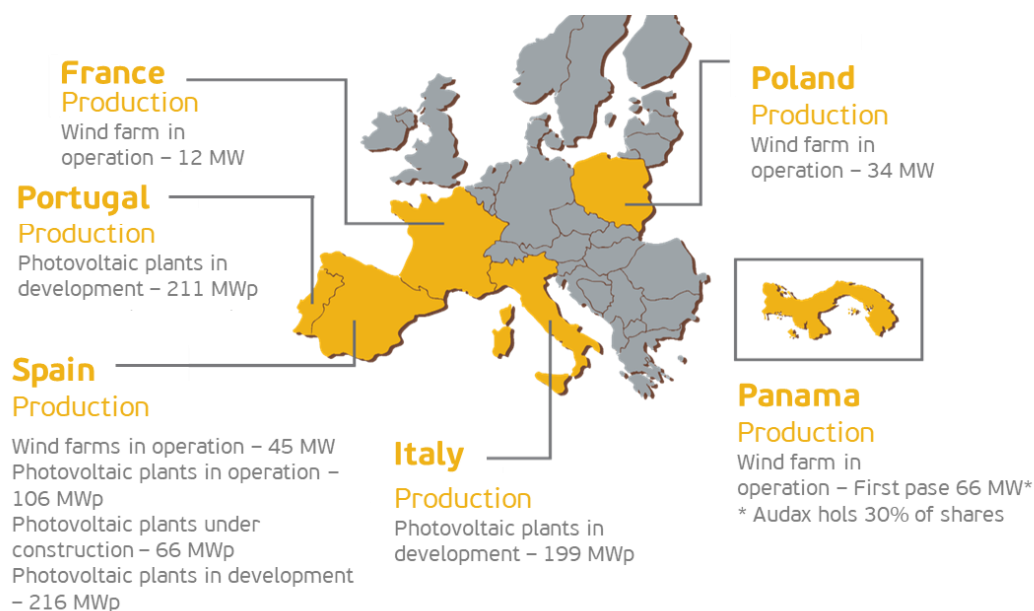


Chart 1: Audax Renovables' energy production activity

## Electricity and natural gas retail

Audax Renovables provides electricity and gas to businesses and individual customers through the retailing activity carried out in several European countries: Spain, Portugal, Italy, Germany, Poland, The Netherlands, and Hungary. In 2023, the Group supplied a total of 13.8 TWh of energy to over 360,000 customers. The 46% of the customers chose renewable energy and 35% of the energy supplied by the Group is certified as renewable.

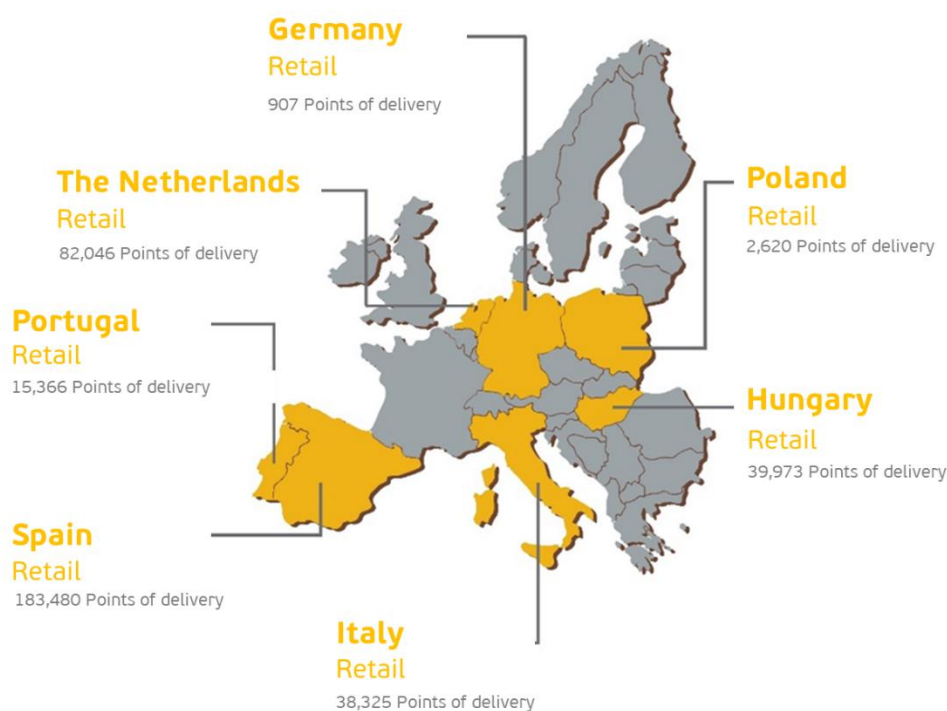


Chart 2: Audax Renovables' energy retail activity

## 1.2 History of Audax Renovables

Audax Renovables is the result of the downstream merger transaction between Audax Energía and Fersa Energía Renovables, resulting in the Audax Renovables Group, an independent vertically integrated energy group focusing on the production of 100% renewable energy, as well as the supply of electricity and gas, with a presence in 9 countries.

### Key milestones:

- In 2003, the shares of Audax Renovables (back then Fersa Energías Renovables, S.A.) were admitted to trading on the secondary market of the Barcelona Stock Exchange, becoming the first independent company dedicated to produce renewable energy, listed on the Spanish stock exchange.
- In 2007, the company was included in the Spanish Stock Exchange Interconnection System (SIBE) of the Madrid Stock Exchange.
- The company started its renewable energy production activities in Spain with its first wind farm in 2006. Currently, the Group carries out its production activity in Spain as well as in France, Poland, Italy, Portugal, and Panama, with a portfolio of wind farms and photovoltaic plants in different stages from project development to construction and operation.

- Between 2013 and 2017, Audax Energía expanded its supply activity to various European countries, including Portugal, Italy, Poland, the Netherlands, and Germany.
- In August 2016, Audax Energía acquired Fersa Energías Renovables through a Public Tender Offer (OPA), subsequently changing its corporate name to "Audax Renovables" a year later.
- In 2018, the downstream merger transaction was completed when Audax Renovables absorbs its parent company Audax Energía, resulting in the Audax Renovables Group. The same year the energy retailer Unieléctrica Energía, from Córdoba (Spain), joins the Group.
- In 2020, the company continued its expansion by acquiring 100% of the share capital of the Hungarian retailer E.ON Energiakereskedelmi Kft.
- The year 2021, marked a turning point in the company's strategy towards the activity of renewable energy production with a clear objective: to become a vertically integrated company between the activity of energy production and supplying electricity and natural gas.
- Audax, with its commitment to sustainability and the fight against climate change, works towards compensating the footprint of retailed energy generated from non-renewable sources and through the acquisition of Guarantees of Origin (GOs). In Spain, 100% of the electricity supplied is certified by the CNMC as renewable.
- Currently, the Group continues its activities of production and retail, as well as its operations of development, construction, and commissioning of its generation portfolio.

### 1.3 Mission, vision, and values

Audax Renovables establishes various principles and commitments based on the company's corporate values, which describe the fundamental purpose of Audax, and endeavour to address the significant current environmental, social, and economic challenges.

The Group has great responsibility towards its employees, customers, shareholders, suppliers, and other stakeholders. Therefore, the company defines itself as a driver of change in the sector, guided by redoubled efforts to continue boosting the energy transition in the European market and generating differential value within the sector.

#### Our mission

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"We strive daily to ensure that our growth strategy is based in sustainability, economic development, internationalization, and reverence for the environment in which we operate, all while providing proximity to our customers."

#### Our vision

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"We want to be a private and independent listed company that provides our customers, employees and collaborators with a differential value within the energy sector, committing to innovation and transparency".

## Our values define us

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<b>Ethics and trust</b>	We believe in fostering an honest relationship with our customers and partners.
<b>Customer orientation</b>	We are focused on the customer satisfaction.
<b>Innovation</b>	We develop new products and services to cater to the needs of the customers.
<b>Excellence</b>	We work every day to improve our processes.
<b>Respect for the environment and the community</b>	We contribute to the progress and development of our community.
<b>Professional and personal development</b>	Our staff is the key to the company's success
<b>Focus on the results</b>	Focus on positive economic results and financial strength

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### 1.4 Relevant events during the year 2023

#### First quarter

The beginning of the year was marked by the closure of a strategic agreement between Audax Renovables and Shell Energy Europe Limited, a global recognized energy company, to supply of electricity and natural gas in Spain. The agreement will provide Audax with a better access to future positions by immediately enhancing the Group's working capital position, and at the same time boosting its competitiveness in the market to offer differential products to its customers.

Moreover, the Company was included in the MSCI World Small Cap, a global reference index, a global benchmark index that represents small-cap stocks in 23 developed economies.

#### Second quarter

The Company maintained its rating of Investment Grade (BBB-) awarded by Ethifinance Ratings. The rating positively evaluated the company's business profile, based on a favourable situation of the utilities sector associated to renewable energy, a growing geographic and customer diversification, as well as consolidated competitive advantages derived from its recent agreement of Market Access with *Shell Energy*, which contributes to the improvement of its leverage ratios.

In May, the Board of Directors of approved the Sustainability Strategic Plan 2023-2025 to provide the company with a short-term ESG roadmap.

### Third quarter

The Company was rated by *Morningstar Sustainalytics ESG Rating\** as an “*ESG Low Risk Company*”. The rating confirms the leadership of the Group in ESG performance and states that the risk of the Group experiencing negative impact from ESG factors is low.

In September 2023, the Toabré wind farm located in Panamá, in which Audax Renovables, S.A. holds a share of 30%, certified the issuance of a Corporate Green Bond program worth USD\$200 million on the Panama Stock Exchange.

### Fourth quarter

The Group launched a bond repurchase program for a maximum amount of up to €50 million in order to optimise the level of available cash, the volume and cost of debt through a proactive management of financial liabilities in capital markets.

In December, Audax announced an agreement for institutional loan of €66 million led by the EIB (European Investment Bank). This loan is aimed to put into operation a portfolio of solar projects of a total installed capacity of 141 MWp.

In the same month, the Company announced the start of the construction of a photovoltaic project located in the municipality of Carmona in the province of Seville, which will add a total capacity of 57.48 MWp to the Group's renewable production portfolio. The investment in green energy will allow to avoid the emission of 29,757 tonnes of CO<sub>2</sub> per year.

## 1.5 The Group's results

The Audax Group has improved its EBITDA in the year 2023 by 78% compared to the same period of the previous year. The results are the consequence of the actions undertaken by the company over the last two years and is summarised below:

- Vertical integration between production and retailing activities.
- Focus on Audax's strategic segment (Corporate - SME).
- Improvement in demand and consumption forecast estimation processes.
- Greater control and requirement of exactitude in the application of commercial margins.
- Risk diversification (country risk, customer risk, and commodity risk).

Moreover, the net financial debt was reduced by 29% from the end of the previous year, demonstrating the focus of the Group on operating cash flow generation, which has been applied this year and is to be continued in subsequent years to reduce the current gross debt.

The consolidated net result for the year amounts to €31 million in comparison to €8 million in the same period of the previous year, thus showing the results of the strategies implemented and a substantial improvement over the same period of the previous year.

Audax has continued its operations in the development, construction, and commissioning of its generation portfolio. During this period, the investment plan has continued as scheduled.

## 2. Audax's commitment to sustainability

### 2.1 Sustainable business model

Sustainability is defined by the United Nations as *"development that meets the needs of the present without compromising the ability of future generations to meet their own needs."* Guided by this definition, the Audax Group understands sustainability and its three fundamental pillars (environmental, social, and corporate governance) as key strategic and comprehensive elements necessary to ensure the long-term viability of the business and meet the needs and expectations of its stakeholders, the community, and the planet.

The Company's aim is to ensure that its corporate activities are carried out promoting the sustainable value and taking the needs and expectations of the stakeholders into account.

By the nature of its activities and as a Group belonging to the area of energy, the organisation is deeply committed to sustainable development and sustainability is deeply ingrained in its business model. The activities related to electricity generation from renewable sources contribute directly to the progress of the energy transition and are sustainable activities according to the Taxonomy Regulation of the European Union.

The energy transition is a challenge for the Company, but also an opportunity to improve the state of the planet and people's health. Therefore, Audax Renovables recognises the importance of renewable energy as a key driver of this transition. One of the main goals of the Company's corporate strategy is to increase the portfolio of electricity production based on 100% renewable sources, positioning at the highest level the Company's commitment to the energy transition and fight against climate change.

Overall, the Group's CAPEX investment in generation assets since the year 2020 totalled EUR 210 million, thus continuing its commitment to produce energy in its own power plants.

### 2.2 Materiality assessment

In 2023, Audax updated its assessment applying a double materiality assessment approach in order to align to the European Corporate Sustainability Reporting Directive<sup>1</sup> (CSRD) and lay the foundations of its sustainability strategy. The requirements of the European Sustainability Reporting Standards<sup>2</sup> (ESRS) and CS were followed, including the scope and implication of the new approach based on CSRD.

The double materiality assessment aims to identify which aspects of the three ESG pillars (environmental, social, and corporate governance) are the most important for the Company and its stakeholders in order to integrate the needs and expectations into the process of decision making and into the definition of the sustainability strategy.

Audax Renovables has developed a new methodology based on CSRD integrate the double materiality perspective into its analysis. Thus, the most material aspects for Audax were identified from a double perspective – impact materiality and financial materiality. The **impact materiality** analyses the impact of the Company's activities on the environment and how they affect the stakeholders (inside - out), while the **financial materiality** involves assessing any

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<sup>1</sup>European Directive 2022/2464 on corporate sustainability reporting (CSRD) adopted in December 2022.

<sup>2</sup> In July 2023 a Delegated Act was published on the first set of European Sustainability Reporting Standards (ESRS). This action was mandated by the CSRD.

possible economic impact of the risks and opportunities arising from sustainability on the Company (outside - in).

The impact materiality measures the impact-positive or negative-of Audax on the society and/or environment, directly or indirectly. On the other hand, financial materiality measures the impact of the society or the environment on the financial performance of Audax (identified as risks or opportunities). Each material subject is comprised of positive or negative impacts made by Audax on the society or the environment, and of risks and/or opportunities, which the society or environment create for Audax.

The Company is committed to update annually the double materiality assessment, the stakeholder's analysis, and the social and environmental context.

### 2.2.1 Methodology

The assessment conducted by the company is comprised of five stages:

1. **Evaluation of the current situation:** Assessment of the current situation and of the external context of Audax to ensure that the list of potentially material subjects includes the current and future priorities and trends.
2. **Mapping of the value chain:** Comprehension and mapping of corporate activities, the value chain, and the stakeholders of Audax.
3. **Participation of the stakeholders:** Surveys and interviews with the stakeholders, throughout all the value chain, in order to include their expectations and needs in the assessment of material subjects of the Group. The assessment includes, among others, the opinion of the employees of all the subsidiaries, members of the Board, investors, consultants, suppliers, external auditors, and the media.
4. **Evaluation of impacts, risks, and opportunities (IRO):** Definition, assessment and evaluation of potential and/or real impacts and risks and opportunities associated with the identified material subjects.
5. **Prioritisation of material subjects, synthesis, and validation:** Final evaluation of the relative importance of the material subjects based on the IRO identified in order to consolidate the findings of the first stages.



### 2.2.2 Double materiality matrix

As a result of the described methodology, the Group obtained the following double materiality matrix for the year 2023:

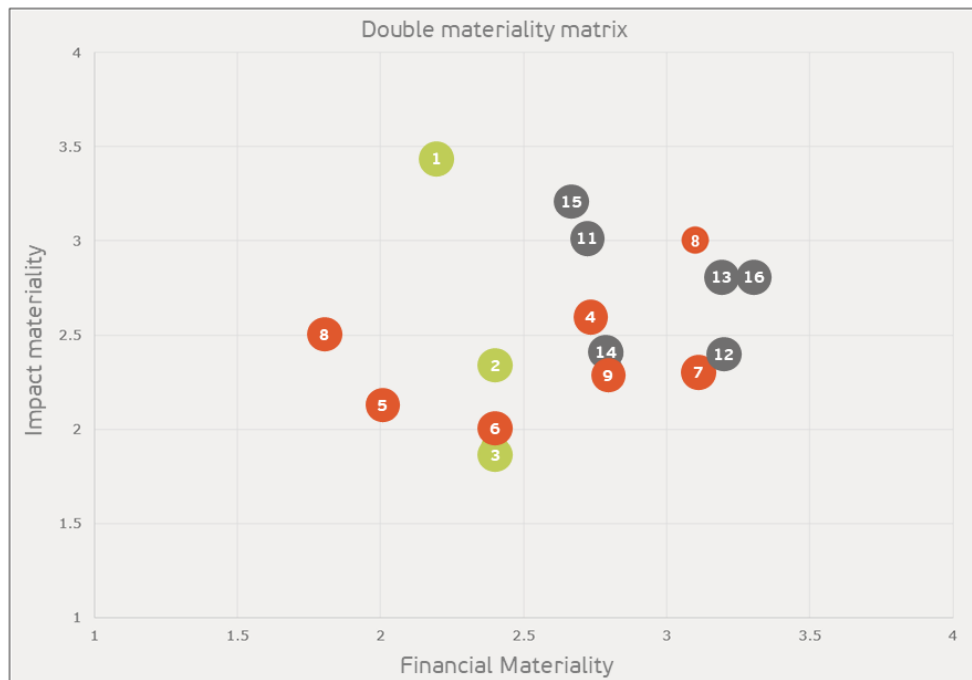


Chart 2: Double materiality matrix

#### Material Topics of Audax Renovables:

- 1 Climate change and decarbonisation
- 2 Energy transition
- 3 Biodiversity and ecosystems
- 4 Workplace well-being and talent retention
- 5 Diversity, equality and just remuneration
- 6 Local communities
- 7 Affordable energy
- 8 Customer service
- 9 Supply chain
- 10 Corporate culture
- 11 Ethical and responsible leadership
- 12 Innovation and new technologies
- 13 Green finance
- 14 Internal and external communication
- 15 Legal compliance and risk management
- 16 Financial management and long-term strategy

Below the Company presents a brief description of each of the material topics resulting from the double materiality assessment review, according to the ESG pillars (environmental, social, and corporate governance).

**Material topics related to environment:**

1. Climate change and decarbonisation: Greenhouse gas emissions and other emissions to the atmosphere in direct operations and the value chain.
2. Energy transition: Adaptation of the energy sources, infrastructure and practices of traditional methods based on fossil fuels to alternative sustainable and renewable energy sources in consonance with the environmental and economic goals.
3. Biodiversity and ecosystems: Direct and indirect impact with natural resources and use of land, water and/or air. Preservation of the ecosystems and protected areas as well as species at risk of extinction.

**Material topics related to social aspects:**

4. Workplace well-being and talent retention: Involves the satisfaction of the employees, their physical, mental, and emotional health, as well as the Company's ability to attract and retain the most talented employees.
5. Diversity, equality and just remuneration: To promote just and inclusive environment to the entire value chain, where equal pay is prioritised, diversity is promoted, and no discriminatory behaviour is allowed.
6. Local communities: Relations with the local communities where the Group operates. Community outreach, philanthropy, and socio-economic effects related to the activities of the Company.
7. Affordable energy: Access to available and sustainable energy sources, which would favour meeting the operating and economic needs of the customers.
8. Customer service: Degree to which the services provided by Audax meet or exceed the expectations and needs of its customers.
9. Supply chain: Appropriate management of the supply chain to identify and mitigate the impacts of the value chain, promoting sustainable, secure, and ethical operations and practices.

**Corporate governance material topics:**

10. Corporate culture: Corporate values, rules of conduct and standards of the Group, which directly influence the workplace environment and the decision-making process.
11. Ethical and responsible leadership: Implementation of practices and behaviours, which reflect high standards of integrity and ethics. It consists of the formulation and application of transparent policies, the involvement of the management, and promotion of these values within the Company.
12. Innovation and new technologies: Focus on the development of new products and/or services, which would improve the quality, the efficiency and/or the cost. Implementation and collaboration in the development of new technologies.

13. Green finance: Sustainable financing, issue of green bonds and/or raising capital or funds specifically dedicated to sustainable projects, to support and promote sustainable practices, besides reducing the financing cost.
14. Internal and external communication: Transparent disclosure of the financial and non-financial information of the Company, encouraging bidirectional communication with the stakeholders.
15. Legal compliance and risk management: Strategies, policies and protocols dedicated to ensuring legal compliance, to avoid any non-compliance and ensure that the organisation keeps up with the new regulations.
16. Financial management and long-term strategy: Appropriate management, evaluation, and disclosure of financial information. Formulation of a corporate strategic plan with measurable and specific goals, integrating the ESG aspects in order to achieve sustainable development.

### **2.2.3 Conclusions of the double materiality assessment**

The double materiality assessment conducted for this period has changed with respect to the results obtained in the previous year. These changes are mainly the consequence of a change of the methodology applied, the evolution of the Company and the context.

The number of material subjects has decreased from 22 to 16 due to the consolidation of some of them into one material subject, while others are no longer material, because their priority has changed.

The results of the assessment applied from the perspective of double materiality define which ESG subjects should be prioritised by the Company. Many of the initiatives outlined in the Sustainability Strategic Plan provide a response to the material subjects resulting from the assessment. A more exhaustive assessment of the existing and potential opportunities of the environment has shown that it is within the Company's capacity to take advantage of the opportunities resulting from the energy transition and to position itself as a leader in its sector. The analysis of potential risks of the environment shows that the Group should continue working towards integration the ESG material subjects into its medium- and long term strategy.

### **2.3 Stakeholders**

The Group maintains fluent and transparent relations with stakeholders, considering it as a key to understand their main concerns related to the company's activity and the risks to which they might be exposed.

In 2023, the stakeholders map was reviewed as a part of the double materiality assessment. The Company is aware of the importance of obtaining a complete view of the internal and external impacts of an organisation, as well as of incorporating the perspective of its stakeholders to prioritise the material subjects. Moreover, the Group promotes transparency, accountability, and cooperation with the interested parties in order to boost sustainable development and the integration of the ESG aspects into the entire value chain.

As a part of the double materiality assessment, an ESG survey was launched in a representative sample of all the stakeholders identified as relevant to Audax. The survey was sent to 130 recipients, 40% of which responded to it. At least one respondent of each group of stakeholders answered the survey, therefore all of them are represented.

The main stakeholders of Audax Renovables are outlined below:



Chart 3: Stakeholders.

### Communication channels

The Group has bidirectional communication channels accessible to all its stakeholders. We highlight the following communication channels as those that are most widely used: email, telephone, *WhatsApp*, corporate websites, and/or social networks of the Group. Moreover, the employees have at their disposal the *Employee Portal*, an intranet of updated corporate information.

All the channels are important and the interaction with the stakeholders is fundamental for the Group's operations. Being accessible and proactive are key aspects on which the Group works to ensure that the needs and expectations of our stakeholders are taken into account.

There are communication channels directed to specific stakeholders:

- In regard to the **shareholders**, these relations shall be governed by the general principle of transparency and confidentiality. The Group calls annually a General Meeting of Shareholders and, additionally, makes available to them various communication and consultation channels.
- For the **investors and financial analysts** there are public webcasts organised half-yearly concerning the Company's performance and results. Being a listed company, the organisation has implemented the Internal Regulations for Conduct in the Securities Markets in order to protect the investor by promoting transparency standards. The organisation also has an email account specifically intended for the use of shareholders and investors ([investor.relations@audaxrenovables.com](mailto:investor.relations@audaxrenovables.com)).
- Regarding **authorities, regulatory bodies and public administration**, the Group strives for these relations to follow the principles of lawfulness, fidelity, reliability, professionalism, cooperation, reciprocity, and good faith.
- Lastly, in the case of the **customers**, the Group strives and improves constantly the customer service processes to guarantee high quality and personalised service.





## 2.4 Sustainability strategy

The Group strives for its activities to be based on sustainable development, integrating the ESG aspects into its corporate strategy. As an example of this commitment, the Group incorporated at the end of 2022 a Sustainability and Environment Manager, responsible for leading and implementing the ESG strategy in the Company and ensuring that all the environmental requirements are met.

As an important event of the year, the Board of Directors approved the Sustainability **Strategic Plan 2023-2025** (hereinafter, the "Plan"), which outlines the roadmap for achieving the Company's ESG goals and inspiring the Company to become an energy transition leader in its sector.

The Plan intends to give a response to the main challenges, which the Company is facing, in the three sustainability pillars: environmental, social, and corporate governance. In order to address these challenges, opportunities, and risks, 40 projects and initiatives have been defined with specific objectives based on the material subjects of the Company.

The Plan is focused on four strategic lines: **"Sustainable leadership"**, **"We protect the environment"**, **"Together, we do more"** and **"Compliance Culture"** under the common goal of improving the ESG performance in each of these areas and become a progressively more sustainable company.

Our objective	<i>"Leading the energy transition by producing the energy of the future"</i>			
Strategic lines	 <b>SUSTAINABLE LEADERSHIP</b>	 <b>WE PROTECT THE ENVIRONMENT</b>	 <b>TOGETHER, WE DO MORE</b>	 <b>COMPLIANCE CULTURE</b>
Action fields	<ul style="list-style-type: none"> <li>• Sustainability Culture</li> <li>• Stakeholder management</li> <li>• Communication and transparency</li> <li>• ESG Ratings</li> <li>• Alliances</li> </ul>	<ul style="list-style-type: none"> <li>• Biodiversity conservation</li> <li>• Environmental Policy</li> <li>• Installed capacity</li> <li>• Carbon footprint reduction</li> <li>• Energy efficiency</li> <li>• Waste management</li> </ul>	<ul style="list-style-type: none"> <li>• Talent attraction and retention</li> <li>• Training</li> <li>• Customer focus</li> <li>• Equality Plan</li> <li>• Local communities</li> <li>• Donation program</li> </ul>	<ul style="list-style-type: none"> <li>• Internal policies</li> <li>• Ethical culture</li> <li>• Risk management</li> <li>• Internal Control System</li> <li>• Whistleblower channel</li> <li>• Anti-corruption program</li> </ul>

In the area of **"Sustainable leadership"** the Group aspires to create a strong sustainability culture and for this purpose strives to improve the Company's positioning in various renowned ESG ratings of the sector and reinforces its internal and external communication strategy.

With regard to the **protection of the environment** and the second strategic line, the Company focuses on the fight against climate change and on biodiversity conservation. Audax Renovables

joins the challenge of achieving climate neutrality in 2050, in line with its objectives of decarbonisation defined by the Paris Agreement and for this purpose works towards preparing a decarbonisation plan for the Group during the next year.

Being an important aspect of the energy transition, one of the key objectives of the Plan is to continue increasing our portfolio of renewable energy projects for 2025. Currently there are projects in a very advanced stage of development and other projects, whose construction will begin in the next months.

"**Together, we do more**" is a people-centred strategy line. The employees, the customers, business partners and local communities where the Group operates are key actors of the sustainability strategy. The initiatives included in this strategic line range from an improved model of our employees' performance assessment to an updated equality plan, to an extended donation campaign.

Lastly, the fourth strategic line of the Plan is the "**Compliance Culture**". It is where the Group aspires that its compliance model set a benchmark in the sector. Training sessions are carried out to promote the culture of ethics and integrity among the employees. An updated version of the Code of Ethics and the implementation of the policy of the Internal Information System are some of the compliance projects included in the Plan.

## 2.5 European Taxonomy of Sustainable Finance

The Group complies with the obligations established in article 8 of Delegated Regulation 2020/852 of the European Union, which establishes a framework to facilitate sustainable investment. The framework is implemented by the following Delegated Regulations:

- Delegated Regulation 2021/2139 determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation.
- Delegated Regulation 2023/2486 establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to the sustainable use and protection of water and marine resources, to the transition to a circular economy, to pollution prevention and control, or to the protection and restoration of biodiversity and ecosystems, and for determining whether that economic activity causes no significant harm to any of the other environmental objectives.
- Delegated Regulation 2021/2178 specifying the methodology of information disclosure.

The Group informs about the eligibility and alignment degree of its eligible sustainable activities aligned with the Taxonomy through a report of three economic indicators: percentage of the revenue, of the investment (CapEx) and of the operating expenses (OpEx).

The information on methodology and the indicators obtained is included in the Appendix II and Appendix III of this statement.

## 2.6 ESG indexes and ratings



The Company has been qualified by **Morningstar Sustainalytics ESG Rating<sup>3</sup>** as an **“ESG Low Risk Company”**. Audax Renovables is among the TOP 10 independent power production and traders and has been qualified as an ESG Low Risk Company, with 19.5 points, having improved its ESG performance by over 3 points from the previous year. In 2022 Audax was classified as a medium risk enterprise, with 22.7 points (+3.2 points compared to the year 2023).

The ESG risk rating of *Sustainalytics* measures the degree to which a company's the economic value is at risk driven by ESG factors. The rating confirms the leadership of the Group in ESG performance and states that the risk of the Group experiencing negative impact from ESG factors is low. The rating methodology evaluates three specific blocks: 1) idiosyncratic questions or those unpredictable or unexpected events, which are not related to the business models; 2) a selection of ESG material subjects applicable by subindustry and 3) the risks associated with corporate governance.

The material subjects best valued by the rating are: "Human Capital" and "Biodiversity". While the issues where the Company has the greatest margin of improvement are "Corporate Governance" and "Product Management".



The Group obtained a rating of 50/100 for the year 2022. The rating obtained positions the Company in the average of its sector, in this case the sector of "Utilities". The Group is convinced that the rating obtained for the year 2023 will improve in comparison to the previous year.

## 2.7 Contribution to the Sustainable Development Goals (SDG)

The 17 Sustainable Development Goals (SDG) defined by the United National for the period of 2015-2030 include global goals to eradicate poverty, protect the planet and ensure the welfare of all. The SDG play an essential role, providing the businesses with a universal and coherent framework to guide their contributions to the sustainable development and create a shared value.

Audax Renovables is a pioneer in its commitment to the environment, as evidenced by the Group's membership of the Spanish Network of the United Nations Global Compact for Sustainable Development since 2013, contributing for the benefit of the people, the planet, general welfare, and global peace.



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Therefore, Audax Renovables has adopted the SDG as standard indicators to identify the value added to the society and as a communication tool for all its stakeholders.

The Company's sustainability strategy is aligned with the fulfilment of the SDG in their entirety, but because of the area of its activity and the sector where it operates, it contributes specifically to the following SDG in the three ESG dimensions:

### SDG contributing to environmental protection



#### TARGET 7.2

**By 2030, increase substantially the share of renewable energy in the global energy mix.**

The Audax Group is a key player in the energy transition, and the improvement of the national energy mix is one of its primary goals. Therefore, we have defined a roadmap to become a benchmark in renewable energy generation, focusing all our efforts and resources on the generation activity and working towards making this energy accessible, affordable, and non-contaminating for the population of the countries where we operate.

Audax is centred around projects of energy generation from renewable sources. In 2023 the generation portfolio reaches 1 GW in wind and photovoltaic projects in different stages of development.



#### TARGET 9.1

**Develop quality, reliable, sustainable, and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.**

The company's philosophy is to apply the best practices of construction and operation of its photovoltaic and wind power plants, ensuring the correct location of the power plants and preservation of the heritage of the region. Thus, we not only create the best value added for the region, but also mitigate and compensate possible environmental, economic, and social impacts, which the company's operation may represent for the region. The projects are developed through finding the most sustainable, reliable, and resilient alternatives, striving to use the cutting-edge technologies, and promoting their sustainable and efficient use. As the main contribution to sustainable industrialisation, Audax Renovables builds its power plants using the most recent technologies available on the market under assessment, coordination, and execution of independent experts.





### TARGET 12.8

**By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature.**

The Group promotes innovative and responsible culture by raising awareness and educating people and companies concerning renewable energy, and especially concerning responsible energy consumption. Audax also aspires for the people to have appropriate information and knowledge to start a sustainable lifestyle. Consequently, publications regarding good practices in the area of energy consumption are made available through various channels (corporate Website, LinkedIn, Instagram, etc.)



### TARGET 13.2

**Integrate climate change measures into national policies, strategies, and planning.**

Being aware of the challenges connected with the fight against climate change, the corporate strategy of Audax defines as the main objective to promote the business of energy generation from 100% renewable sources by building photovoltaic installations and wind farms to make a positive impact on the environment through the reduction of greenhouse gas emissions and reduction of other negative effects of the use of traditional fuels. In 2023 the Group for the first time undertook the commitment to develop a decarbonisation strategy to achieve climate neutrality by 2050.



### TARGET 15.1

**Ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains, and drylands, in line with obligations under international agreements.**

Audax strives to ensure the conservation of ecosystems through implementing wind and photovoltaic installations which do not have a direct impact on the land, or the area used for the purpose. The Group's environmental commitments are directly related to the preservation of flora and fauna of the site, the monitoring of the species inhabiting the area while preserving and protecting their natural habitats. Reforestation is also carried out as a compensatory measure equivalent to the area occupied by the photovoltaic panels.

## SDG contributing to social matters



### TARGET 5.5

**Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic, and public life.**

Audax Renovables promotes and contributes to the struggle for gender equality and non-discrimination. Approximately 60% of the Group's staff are women. As a part of its commitment, the Group has drawn up an Internal Equality Plan and a remuneration policy whose fundamental objectives are the application of the principle of non-discrimination based on gender, encouragement of equal opportunities and balance in positions of power and authority, including women in the decision-making processes.



### TARGET 8.8

**Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.**

The growth of Audax in recent years has been exponential, and not only in the economic aspect. At the close of the year 2023 the staff is comprised of 755 employees, of which 676 are on permanent contracts. The Group expects to continue growing and creating high-quality employment through all its activities.

In particular, the Group contributes to the activation of the economy of rural areas where its photovoltaic plants and wind farms are being installed. The installations are usually located in rural areas, away from the most important towns, and therefore help stimulate the economic growth of these areas and generate local employment of high quality through the construction of the installations and their subsequent maintenance.



### TARGET 10.2

**By 2030, empower and promote the social, economic, and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.**

As a part of the Group's commitment to reinforce and promote equality within the organisation, the inclusion of diverse collectives is encouraged in the employment procedures. With this regard, in 2023 the total number of employees with disability is 10. Moreover, it also promotes inclusion by hiring external service providers, such as Femarec, in which persons with disabilities comprise 50% of the staff.



### TARGET 17.16

**Enhance the Global Partnership for Sustainable Development, complemented by multi-stakeholder partnerships that mobilise and share knowledge, expertise, technology, and financial resources, to support the achievement of the Sustainable Development Goals in all countries, in particular in developing countries.**

The Audax Group is committed to the Global Partnership for Sustainable Development, being member of the Spanish Network of the United Nations Global Compact for Sustainable Development since 2013. Audax Renovables maintains partnerships with organisations and associations which aim to cooperate with the society and the environment, such as Fundación Migres, as well as the associations (such as UNEF, AEE and EOLICAT), which have among their members various wind and photovoltaic energy companies of the sector. As part of the social commitment, each year the Company cooperates with various NGO's, which promote protection of children, respect for animals, sport and combating diseases, among others.

### SDG aligned with good practices of Corporate Governance



### TARGET 16.6

**Develop effective, accountable, and transparent institutions at all levels.**

The SDG 16 targets are aligned with the good work of Audax, with regard to the fight against corruption, and promoting transparency of information. Consequently, all the information concerning the Group and its history is available on the website, in addition to the various communication channels made available to the stakeholders in order to maintain the transparency and the quality of the information. Internally there is the whistleblowing channel and the Code of Ethics, aimed at preventing and managing any indication of corruption and/or bribery, which might occur in the company.

### 3 Information on environmental issues

#### 3.1 Environmental management

The Group continues promoting policies, which reinforce the commitment to the environment and conservation of ecosystems. Consequently, in May the Board of Directors approved the Group **Environmental Policy**. This Policy provides the Group with a common framework of reference for the purpose of integrating environmental aspects in the decision making and, in the strategy, and defines the guidelines of respect for the environment and conservation of ecosystems.

All the activities carried out and services rendered meet the highest standards, proof of which is that various companies belonging to the Group have ISO certificates concerning environmental and energy management. With this regard, the Hungarian subsidiary has the ISO 14001 certificate for its Environmental Management System, and the Spanish subsidiary, Unieléctrica, has the ISO 50001 certificate for the Energy Management System since 2016. The Group continues striving to implement solid environmental management and energy management systems in all the companies of the Group.

#### 3.2 Sustainable use of resources

Audax Renovables strives to ensure responsible use of the natural resources, as far as its operation and activities allow it. Due to the activity of the company, the reported data on the use of resources come mainly from two sources: the relative use in the offices of the Group and the use of the wind and solar power plants.

##### 3.2.1 Water consumption

Water consumption associated to the offices of the Group is not so significant, because it is intended for domestic use and the water comes from the supply system. The main share of water consumption takes place in the process of cleaning the panels of the photovoltaic power plants, for the purpose of appropriate maintenance and maximum efficiency.

In the year 2023 total water consumption of the Group was of 2,423.32 m<sup>3</sup>. The increase is a consequence of the growth in installed capacity in photovoltaic technology and its maintenance compared with 2022.

	2022 <sup>4</sup>	2023 <sup>5</sup>
<b>Total water consumption</b>	1,241.80 m <sup>3</sup>	2,423.32 m <sup>3</sup>

##### 3.2.2 Energy consumption

Energy consumption of the Group takes place mainly in its facilities, such as head offices and buildings where its subsidiary companies are located, as well as in the 100% renewable energy generation plants.

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<sup>4</sup>The consumption of neither the subsidiaries of Portugal, Italy, Germany, nor the consumption of the generating farms is included.

<sup>5</sup>The consumption of the subsidiaries of Italy and Germany is not included due to limited information availability.

Electricity consumption was 2,331.69 MWh, of which 94% was generated from renewable sources. Own consumption of natural gas (3.16 MWh) has decreased considerably due to the change of consumption model in one of the Group's subsidiaries. As a novelty, this is the first time that the consumption generated by the vehicle fleet has been reported, although with data limitations.

The total energy consumption translates into energy intensity of 0.08 kWh per profit obtained:

<b>Total energy consumption</b>		
	<b>2022<sup>6</sup></b>	<b>2023<sup>7</sup></b>
Total electricity consumption from renewable sources	1,383.79 MWh	2,331.69 MWh
Total electricity consumption from non-renewable sources	89.065 MWh	157.06 MWh
Total gas consumption	41.79 MWh	3.16 MWh
Total fuel consumption (machinery and vehicle fleet) <sup>8</sup>	-	134,760 litres
Total energy intensity on the basis of the profit obtained	0.42 KWh	0.08 KWh

### 3.2.3 Material consumption

Due to the type of activity of the Group, the consumption of materials refers mainly to those materials which are typically used in office daily activities, such as shown in the following table.

<b>Material consumption</b>		
	<b>2022<sup>9</sup></b>	<b>2023<sup>10</sup></b>
Paper and cardboard	12.31 t	65.54 t
Toner	0.03 t	0.012 t

<sup>6</sup>Due to a change in the energy consumption reporting model the Table "Total energy consumption" was updated to include the details regarding electricity consumption categorised by its origin for better indicator clarity.

<sup>7</sup>The energy consumption of the German subsidiary is not included due to limited information availability or because of the consumption being immaterial.

<sup>8</sup> For the first time fuel consumption is included for the year 2023. In 2022 there were limitations of availability of such information, but they were resolved in the current year.

<sup>9</sup> Due to limited information availability neither raw material consumption of the subsidiaries of the Group in Hungary, Germany, and the Netherlands, nor the consumption associated with power plants is included.

<sup>10</sup>For the year 2023 information is included on consumption of all the subsidiaries, except for Germany, Italy, and the power plants due to limited information availability.

### 3.3 Climate change

#### 3.3.1 Physical risks resulting from climate change

The Group is firmly committed to the fight against climate change and works every day to provide its customers with products and services, which will allow them to reduce their gas and electricity consumption and promote consumption of energy from renewable sources.

In recent years the fight against climate change has become particularly important because it has been proved that the consequences of climate change will affect the performance of the Company, its environment, and the community. It is important to analyse the possible impacts of the climate change to ensure the Group's sustainability in the long term. Therefore, the European Taxonomy requires an analysis and assessment of the risks and opportunities arising from climate change, which could affect its economic activity in the medium and long term.

In order to comply with this Directive, an **analysis of the physical risks resulting from climate change** to the Company's assets has been carried out in collaboration with a renown external firm. The analysis was based on a physical risk detection tool applied to each asset. Two scenarios were analysed: a scenario of low greenhouse gas (GHG) emissions (SSP1-2.6) and a scenario of high GHG emissions (SSP5-8.5), under three timelines (base line, 2030 and 2050)

The analysis evaluated 8 different extreme climate and meteorological threats, which could harm the assets or have a financial impact on the assets of Audax Renovables. These threats are extreme heat, forest fires, floods, droughts, rains, and cyclones, extreme cold and landslides.

The results obtained from the tool analysis show that the total risk level, considering all the threats, is similar in almost all the assets due to the similarities of the installations. Most of the risks identified have been classified according to their potential impact as "Low" or "Minimal". However, one photovoltaic plant located in the region of Toledo in Spain is the only asset, whose risk is "Moderate" in a scenario of high emissions in 2050, due to the extreme heat in the region and possible loss of efficiency resulting from it.

All the photovoltaic plants face the risk of extreme heat in at least one of the climate scenarios and timelines. Even though they are designed to withstand high temperatures, a significant increase of temperature may affect their efficiency and electronic parts, conditioning the operation of the power plants.

All the solar plants face a risk classified as "High" related to water stress and drought, in both timelines. The reduction of water consumption for the panel cleaning procedures is one of the measures the Company is currently considering. Lastly, in a scenario of high emissions in 2050, the analysis has shown that there are two assets with a high exposure to the risk of fire damage. Specifically, it concerns a photovoltaic farm in Spain and a wind farm in France.

The Group has defined a series of adapting measures for each of the climate threats, which have been classified as material. These adapting measures include, for example, a possible implementation of dry-cleaning processes for the photovoltaic panels, the installation of rainwater harvesting systems, the improvement of fire prevention systems and the installation of cooling systems in order to improve the efficiency of the photovoltaic panels.

### 3.3.2 Greenhouse Gas (GHG) Emissions

Being aware that the increase of greenhouse gas emissions is the first cause of the climate change, and as a key company in the energy transition, the Group has committed to achieve climate neutrality by 2050 in line with the dispositions of the Paris Agreement. Although Audax is not considered a GHG-intensive company, the Sustainability Strategic Plan outlines projects defined to achieve this objective. The calculation of the scope 3 of carbon footprint and the definition of a decarbonisation strategy are the two most important projects in this area, which will be developed during the year 2024.

#### Greenhouse Gas Inventory

Greenhouse Gas Emissions		
	2022	2023
Scope 1: Direct emissions	17.73 teq CO <sub>2</sub>	303.7 teq CO <sub>2</sub>
Scope 2: Indirect emissions	28.99 teq CO <sub>2</sub>	47.88 teq CO <sub>2</sub>
Total GHG emission intensity per revenue	0.01 kg eq CO <sub>2</sub>	0.01 kg eq CO <sub>2</sub>

The increase in CO<sub>2</sub> emissions compared to the previous year is mainly due to the inclusion of fuel consumption of the Group's vehicle fleet.

Audax is working to improve its greenhouse gas inventory and as a result of this work it was possible to include the emissions related to the vehicle fleet for the first time.

Scope 1 calculates direct emissions originating from the sources which are owned or controlled by the company. In the case of Audax, only the emissions from fuel consumption and natural gas consumption are included.

Scope 2 involves indirect emissions originating from the economic activity. The scope includes emissions associated with the use of electricity in the Group's offices and buildings, as well as in the operating power plants.

### 3.4 Circular economy and waste management

The Group is aware of the great challenge faced by the renewable energy sector with regard to recycling material and circular economy. The complex materials, the volume of the wind turbine blades, the limitations of recycling and reusing this kind of equipment - are all challenges faced by the sector. The industry is allocating multiple resources to develop technology capable of responding to these challenges.

Currently there are dismantling plans to address future needs. Moreover, Audax follows the latest developments in technology and cooperates with companies dedicated to the development and innovation in this area, such as, for example, Vestas, a global leader in wind technology and the supplier of wind technology installed by the Group.

Regarding waste management, the greatest impact is generated during the construction of the power plants. The Group is responsible for the appropriate management of generated waste in order to reduce its impact on the environment and avoid contamination. Conscious of its responsibilities, the Group employs authorised waste managers to take over the tasks related to waste management depending on their type and applicable legal requirements.

The main hazardous and non-hazardous<sup>11</sup> waste materials generated in the year 2023 are specified below:

<b>Hazardous waste</b>				
<b>Waste type</b>	<b>2022</b>	<b>2023</b>	<b>Recycling</b>	<b>Elimination</b>
Oils (used or mineral)	1,250 litres	1,830 litres	1,830 litres	-
Contaminated filters	0.213 t	0.170 t	0.170 t	-
Grease	-	0.181 t	0.181 t	-
Absorbents	3.868 t	-	-	-
Containers and contaminated material	0.777 t	6.636 t	6.636 t	-
Septic tank sludge	-	5.980 t	5.980 t	-
Electronic equipment	-	1.958 t	1.958 t	-
Batteries	0.04 t	0.226 t	0.226 t	-
Toner	-	0.041 t	0.001 t <sup>12</sup>	-
	0.04 t	-	-	0.04 t

<b>Non-hazardous waste</b>				
<b>Waste type</b>	<b>2022<sup>13</sup></b>	<b>2023</b>	<b>Recycling</b>	<b>Elimination</b>
Plastics	26.3 t	0.85 t	0.85 t	-
Paper and cardboard	0.48 t	8.32 t	8.32 t	-
Wood	-	0.24 t	0.24 t	-
Aluminium	-	0.0004 t	0.0004 t	-
Organic	-	33.62 t	0.96 t	32.664 t
Others	-	0.287 t	0.105 t	0.187 t

<sup>11</sup> The subsidiaries of Portugal and Germany are excluded from the data on waste management due to limited information availability.

<sup>12</sup> The toner waste which has not been recycled is stored in the Group's offices to be later handed over to the corresponding authorised waste manager.

<sup>13</sup> The model of reporting information on waste has been modified to include the management and/or elimination by waste type. No data concerning the previous year is available.



### **3.5 Biodiversity protection**

Biodiversity and ecosystem protection is a topic, which directly affects the energy production activity of Audax Renovables, particularly in the areas where its wind and solar farms are located. Therefore, biodiversity protection is integrated into all the stages of the energy generation projects.

While an installation is undergoing the construction process, research is carried out into local vegetation and fauna for the purpose of understanding the behaviours of the species dwelling in the area and establishing adequate environment protection and conservation measures. Once the construction is completed and the installation is put into operation, an exhaustive process of monitoring and tracking of these species is put in place as an integral part of the everyday operation of the facility.

For each of the energy generation projects environmental impact study is carried out, as well as environmental management plans, monitoring of avifauna and rescue and relocation plans to preserve the specimens inhabiting the area of the installations.

In the case of wind farms, due to the risk posed by the wind turbines to birds, it is fundamental to understand the flight paths and the behaviour of the avian fauna of the area. Audax focuses on reducing the bird mortality in the wind farms and on monitoring the species at risk of extinction or vulnerable to it. A proof of this commitment is the Company's collaboration with Fundación Migres, a private non-profit entity, whose purpose is the study, conservation, and propagation of nature and, in particular, the study of bird migration and its relation to climate change, geared towards preservation and improvement of natural heritage.

With regard to the of photovoltaic power plants, the installation of the solar panels is carried out on the surface, which means that concrete structures on the ground are not required, and therefore the soil quality is not affected, and their future disassembly is made easier. In the process of maintenance, control of the herbaceous vegetation of the photovoltaic installations is carried out through grazing, avoiding the use of herbicides and with the aim of eliminating the use of fossil fuels and employing the most sustainable possible means of control of wild vegetation.

#### **Protected areas or areas of high biodiversity value**

The Group does not have any plant or installation located on a protected area or an area of high biodiversity value.

#### **Vulnerable or endangered species in the installations' surroundings**

During the year 2023 more than 1,600 birds were spotted and identified in the power plants. A total of 55 birds were identified to be classified as vulnerable by the Red List of the IUCN. Specific measures were applied to 6 of those birds to protect their habitat, such as for example baiting, capture and marking for the purpose of tracking and monitoring their reproduction.

Moreover, it should be noted that the operation of 78 wind turbines was suspended because of the presence of birds and the risk of collision with the installations. The operation suspension time was of 247.5 hours. Other specific measures are also applied, such as the alignment of the blades during night-time hours or stopping the wind turbines during farming activities.

#### **Rescues carried out in the installations**

Nine rescues and relocations were carried out concerning groups of mammals and reptiles (ophidia). Eight of the rescues carried out took place in the wind farm Toabré (Panama) and three of the were specimens of Boa constrictor, a species considered as vulnerable according to the Catalogue of protected species of fauna and flora most trafficked in Panama.

<b>Rescues and relocations</b>		
<b>Species</b>	<b>Quantity</b>	<b>Vulnerable species</b>
Boa constrictor imperator	3	X
Snake (Colubridae)	2	-
Sloth	3	-
Pygmy anteater	1	-
<b>TOTAL</b>	<b>9</b>	

### **Reforestations**

Reforestation is a usual compensatory measure applied in the wind farms and solar plants for the purpose of restoring and preserving the natural habitats affected, and of compensating for a possible loss of vegetation due to the installation of wind turbines and photovoltaic panels. The most common practice is to reforest a number of hectares equivalent to the area covered with the installations.

In 2023 the Group reforested a total of 47.30 hectares by planting more than 10,000 trees and shrubs, mostly holm oak and broom.

## 4 Information on social issues and concerning personnel

### 4.1 The Group's personnel

Human team is the Group's most valued asset, which plays a fundamental role in its operation and success. Investment in the development and well-being of the employees promotes talent retention and contributes directly to the Company's ability to meet its goals.

Therefore, Audax strives to offer high quality training programmes and evaluates its performance to promote the reconciliation of work, private and family life, support equality among its employees and guarantee secure and healthy work environment. Individual subsidiaries of the Company have their own internal Human Resources policies and procedures to ensure that workers' rights are respected in the entire Group, independently of the country where they operate.

#### 4.1. 1 Personnel data<sup>14</sup>

The Group has ended the year with a total of 755 employees, of which 60% are women and 40% are men, employed by the different subsidiaries.

In comparison to the previous year, there has been no significant change of the number of employees. In 2022 the staff comprised 787 employees, of which 61% were women.

The following table shows the breakdown of personnel by country, age, gender, professional category, type of employment contract and work time.

Personnel by gender and year		
Gender	2022	2023
Men	305	300
Women	482	455
<b>TOTAL</b>	<b>787</b>	<b>755</b>

Personnel by category and year		
Professional category	2022	2023
Senior Management	4	3
Address	20	23
Leadership	33	24
Middle Management	59	69
Others	671	636
<b>TOTAL</b>	<b>787</b>	<b>755</b>

<sup>14</sup> The Group reports information on all its employees, covering the scope of all the companies which have active employees as at 31 December 2023.

<b>Personnel by type of contract, work time and year</b>			
		<b>2022</b>	<b>2023</b>
Type of contract	Indefinite	604	677
	Fixed term	153	78
Type of work time	Full-time	660	666
	Part-time	97	89

### **Employees with disability**

According to the Group's commitment to bolster equality within the organisation, during the employment procedures the inclusion of diverse collectives is promoted. In 2023 the total number of the employees with disability was similar to the previous year.

	<b>2022</b>	<b>2023</b>
Number of employees with disability	10	10

### **Non-employees**

The Group required the services of 13 non-employees.

## Personnel by country, professional category, gender, and age

Employees by country, professional category, gender, and age												
Country	Professional category	Senior Management		Management		Leadership		Middle Management		Others		Total
		Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	
Spain	<30	-	-	-	-	-	-	1	-	20	17	<b>364</b>
	30-50	2	1	4	1	9	1	14	19	83	147	
	>50	-	-	1	-	1	-	6	4	11	22	
Portugal	<30	-	-	-	-	-	-	-	-	4	8	<b>37</b>
	30-50	-	-	-	1	-	-	-	1	5	15	
	>50	-	-	-	-	-	-	1	-	0	2	
The Netherlands	<30	-	-	-	-	-	-	1	-	9	9	<b>105</b>
	30-50	-	-	2	-	2	1	2	-	34	19	
	>50	-	-	2	-	2	-	1	-	16	5	
Hungary	<30	-	-	-	-	-	-	-	-	6	10	<b>169</b>
	30-50	-	-	3	1	-	-	3	8	20	98	
	>50	-	-	2	-	-	-	1	-	4	13	
Italy	<30	-	-	-	-	-	-	-	1	1	6	<b>44</b>
	30-50	-	-	1	-	4	2	2	-	6	20	
	>50	-	-	-	-	-	1	-	-	0	0	
Poland	<30	-	-	-	-	-	-	-	-	-	4	<b>28</b>
	30-50	-	-	-	2	-	1	-	2	5	9	
	>50	-	-	2	-	-	-	-	-	1	2	
Germany	<30	-	-	-	-	-	-	-	-	-	-	<b>8</b>
	30-50	-	-	1	-	-	-	1	-	2	0	
	>50	-	-	-	-	-	-	1	-	1	2	
<b>Total</b>		<b>2</b>	<b>1</b>	<b>18</b>	<b>5</b>	<b>18</b>	<b>6</b>	<b>34</b>	<b>35</b>	<b>228</b>	<b>407</b>	<b>755</b>
<b>TOTAL</b>		<b>3</b>		<b>23</b>		<b>24</b>		<b>69</b>		<b>635</b>		<b>755</b>

## Personnel by type of contract

In line with the commitment to create stable and quality employment, the Group encourages indefinite employment contracts for professionals. As at 31 December 2023, 90% of the employees had indefinite contracts. Only 10% of the Company's employees work on fixed-term contracts.

Employees on indefinite contracts by age, gender, professional category, and country												
Country	Professional category	Senior Management		Management		Leadership		Middle Management		Others		Total
		Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	
Spain	<30	-	-	-	-	-	-	1	0	16	15	<b>353</b>
	30-50	2	1	4	1	9	1	14	19	79	146	
	>50	-	-	1	-	1	-	6	4	11	22	
Portugal	<30	-	-	-	-	-	-	-	-	-	2	<b>14</b>
	30-50	-	-	-	1	-	-	-	1	2	6	
	>50	-	-	-	-	-	-	1	-	-	1	
The Netherlands	<30	-	-	-	-	-	-	1	-	4	2	<b>74</b>
	30-50	-	-	2	-	2	1	2	-	27	11	
	>50	-	-	2	-	2	-	1	-	12	5	
Hungary	<30	-	-	-	-	-	-	-	-	5	10	<b>166</b>
	30-50	-	-	3	1	-	-	3	8	20	96	
	>50	-	-	2	-	-	-	1	-	4	13	
Italy	<30	-	-	-	-	-	-	-	1	1	5	<b>41</b>
	30-50	-	-	1	-	4	2	1	1	6	18	
	>50	-	-	-	-	-	1	-	-	-	-	
Poland	<30	-	-	-	-	-	-	-	-	-	3	<b>20</b>
	30-50	-	-	-	2	-	1	-	1	3	5	
	>50	-	-	2	-	-	-	-	-	1	2	
Germany	<30	-	-	-	-	-	-	-	-	-	-	<b>8</b>
	30-50	-	-	1	-	-	-	1	-	2	-	
	>50	-	-	-	-	-	-	1	-	1	2	
<b>Total</b>		<b>2</b>	<b>1</b>	<b>18</b>	<b>5</b>	<b>18</b>	<b>6</b>	<b>33</b>	<b>35</b>	<b>194</b>	<b>364</b>	<b>676</b>
<b>TOTAL</b>		<b>3</b>		<b>23</b>		<b>24</b>		<b>68</b>		<b>558</b>		<b>676</b>

**Personnel by type of contract**

<b>Employees on fixed-term contracts by age, gender, professional category, and country</b>												
<b>Country</b>	<b>Professional category</b>	<b>Senior Management</b>		<b>Management</b>		<b>Leadership</b>		<b>Middle Management</b>		<b>Others</b>		<b>Total</b>
		<b>Men</b>	<b>Women</b>	<b>Men</b>	<b>Women</b>	<b>Men</b>	<b>Women</b>	<b>Men</b>	<b>Women</b>	<b>Men</b>	<b>Women</b>	
Spain	<30	-	-	-	-	-	-	-	-	4	2	<b>11</b>
	30-50	-	-	-	-	-	-	-	-	4	1	
	>50	-	-	-	-	-	-	-	-	-	-	
Portugal	<30	-	-	-	-	-	-	-	-	4	6	<b>23</b>
	30-50	-	-	-	-	-	-	-	-	3	9	
	>50	-	-	-	-	-	-	-	-	-	1	
The Netherlands	<30	-	-	-	-	-	-	-	-	5	7	<b>31</b>
	30-50	-	-	-	-	-	-	-	-	8	8	
	>50	-	-	-	-	-	-	-	-	3	-	
Poland	<30	-	-	-	-	-	-	-	-	-	1	<b>8</b>
	30-50	-	-	-	-	-	-	-	1	2	4	
	>50	-	-	-	-	-	-	-	-	-	-	
Hungary	<30	-	-	-	-	-	-	-	-	1	-	<b>3</b>
	30-50	-	-	-	-	-	-	-	-	-	2	
	>50	-	-	-	-	-	-	-	-	-	-	
Italy	<30	-	-	-	-	-	-	-	-	-	1	<b>3</b>
	30-50	-	-	-	-	-	-	-	-	-	2	
	>50	-	-	-	-	-	-	-	-	-	-	
Germany	<30	-	-	-	-	-	-	-	-	-	-	<b>0</b>
	30-50	-	-	-	-	-	-	-	-	-	-	
	>50	-	-	-	-	-	-	-	-	-	-	
<b>Total</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>34</b>	<b>44</b>	<b>79</b>
<b>TOTAL</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>78</b>	<b>79</b>	<b>79</b>	

## Personnel by work time

Most of the employees work on full-time contracts for the Group, specifically 88% of the employees work full time, while a total of 89 employees work part time.

Employees on full-time contracts by age, gender, professional category, and country												
Country	Professional category	Senior Management		Management		Leadership		Middle Management		Others		TOTAL
	Age / Gender	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	
Spain	<30	-	-	-	-	-	-	1	0	19	16	314
	30-50	2	1	4	1	9	1	13	17	82	111	
	>50	-	-	1	-	1	-	5	3	10	17	
Portugal	<30	-	-	-	-	-	-	0	0	4	8	37
	30-50	-	-	-	1	-	-	0	1	5	15	
	>50	-	-	-	-	-	-	-	0	0	2	
The Netherlands	<30	-	-	-	-	-	-	1	-	5	3	74
	30-50	-	-	1	-	1	-	2	-	34	10	
	>50	-	-	2	-	2	-	1	-	11	1	
Poland	<30	-	-	-	-	-	-	-	-	-	4	27
	30-50	-	-	-	2	1	-	-	1	5	9	
	>50	-	-	2	-	-	-	-	-	1	2	
Hungary	<30	-	-	-	-	-	-	-	-	6	10	167
	30-50	-	-	3	1	-	-	3	8	20	96	
	>50	-	-	2	-	-	-	1	-	4	13	
Italy	<30	-	-	-	-	-	-	0	1	1	6	39
	30-50	-	-	1	-	4	2	2	0	6	15	
	>50	-	-	-	-	-	1	0	0	0	0	
Germany	<30	-	-	-	-	-	-	-	-	-	-	8
	30-50	-	-	1	-	-	-	-	1	2	0	
	>50	-	-	-	-	-	-	-	1	1	2	
<b>SUBTOTAL</b>		<b>2</b>	<b>1</b>	<b>17</b>	<b>5</b>	<b>18</b>	<b>4</b>	<b>30</b>	<b>33</b>	<b>216</b>	<b>339</b>	<b>666</b>
<b>TOTAL</b>		<b>3</b>		<b>22</b>		<b>22</b>		<b>63</b>		<b>555</b>		<b>666</b>



## Personnel by work time

Employees on part-time contracts by age, gender, professional category, and country												
Country	Professional category	Senior Management		Management		Leadership		Middle Management		Others		TOTAL
	Age / Gender	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	
Spain	<30	-	-	-	-	-	-	0	0	1	1	50
	30-50	-	-	-	-	-	-	1	1	1	36	
	>50	-	-	-	-	-	-	1	2	1	5	
Portugal	<30	-	-	-	-	-	-	-	-	-	-	0
	30-50	-	-	-	-	-	-	-	-	-	-	
	>50	-	-	-	-	-	-	-	-	-	-	
The Netherlands	<30	-	-	-	-	-	-	-	-	4	6	31
	30-50	-	-	1	-	1	1	-	-	1	9	
	>50	-	-	-	-	-	-	-	-	4	4	
Poland	<30	-	-	-	-	-	-	-	-	-	-	1
	30-50	-	-	-	-	-	-	-	1	-	-	
	>50	-	-	-	-	-	-	-	-	-	-	
Hungary	<30	-	-	-	-	-	-	-	-	-	-	2
	30-50	-	-	-	-	-	-	-	-	-	2	
	>50	-	-	-	-	-	-	-	-	-	-	
Italy	<30	-	-	-	-	-	-	-	-	-	-	5
	30-50	-	-	-	-	-	-	-	-	-	5	
	>50	-	-	-	-	-	-	-	-	-	-	
Germany	<30	-	-	-	-	-	-	-	-	-	-	0
	30-50	-	-	-	-	-	-	-	-	-	-	
	>50	-	-	-	-	-	-	-	-	-	-	
<b>SUBTOTAL</b>		<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>4</b>	<b>12</b>	<b>68</b>	<b>89</b>
<b>TOTAL</b>		<b>0</b>		<b>1</b>		<b>2</b>		<b>6</b>		<b>80</b>		<b>89</b>

#### 4.1.2 Remuneration policy

According to the remuneration policy, the remuneration is generally comprised of a fixed element and a variable part, which is evaluated annually.

The Group strives to ensure a just remuneration based on the equality principle, as it is stated in individual human resource policies of the subsidiary companies of the Group. This commitment is also noticeable in the organisation's Code of Ethics and Conduct, where it is explicitly stated that the Group "*promotes equal opportunities between men and women in recruitment, training and promotion of professionals in their working conditions*".

The following table shows the average remuneration of the staff by age, gender, and professional category. Starting from 2023, all the reported salaries have been standardized to full time and full year, including basic salary and bonuses, comprised of annual bonuses and other wage and salary payments made to the employees.

##### Average remuneration of employees by gender and country

The table below shows the average remuneration of the employees by gender in comparison to the previous year:

Comparative average remuneration by year and gender		
Gender	2022	2023
Women	€23,331.55	€23,164.47
Men	€33,357.04	€39,064.06

The table below shows the average remuneration of the employees by country, gender, age, and professional category in 2023:

Average remuneration by gender and country		
Country	Men	Women
Spain	€36,577.95	€25,230.73
Portugal	€14,955.98	€14,979.95
The Netherlands	€52,971.75	€38,495.29
Poland	€35,036.08	€23,679.52
Hungary	€24,958.01	€16,153.02
Italy	€50,247.39	€27,006.26
Germany	€56,188.67	€34,108.96

<b>Average remuneration by age and country</b>			
<b>Country</b>	<b>&lt; 30 years</b>	<b>30-50 years</b>	<b>&gt;50 years</b>
Spain	€21,957.79	€30,977.91	€30,435.03
Portugal	€12,512.08	€16,198.24	€15,584.32
The Netherlands	€26,778.95	€50,024.26	€60,382.18
Poland	€18,004.14	€23,853.37	€45,729.69
Hungary	€15,773.74	€18,070.00	€20,878.31
Italy	€24,598.85	€43,104.64	€35,728.99
Germany	-	€56,101.17	€34,196.46

<b>Average remuneration by country and professional category</b>				
<b>Country</b>	<b>Management</b>	<b>Leadership</b>	<b>Middle Management</b>	<b>Others</b>
Spain	€143,075.08	€86,497.70	€36,322.13	€17,532.00
Portugal	(*)	-	€22,400	€13,124.07
The Netherlands	€143,763.60	€63,840.00	€45,525.00	€43,407.39
Poland	€60,267.15	(*)	€28,627.22	€20,431.74
Hungary	€82,199.06	€57,452.89	€29,904.60	€15,529.38
Italy	(*)	€165,879.84	€31,570.12	€26,098.68
Germany	(*)	-	€36,077.00	€31,030.16

Remuneration accrued to the Senior Management and Board of Directors in the year 2023:

<b>Remuneration accrued to Senior Management and Directors<sup>15</sup></b>		
<b>Professional category</b>	<b>2022</b>	<b>2023</b>
Board of Directors	€136,000.00	€214,000.00
Senior Management	€142,201.68	€132,500.00

<sup>15</sup>Average remuneration accrued to Senior Management and Directors.

(\*) The data concerning remuneration has not been published to protect the privacy of the employees, as there is only one employee of the company in the presented category.

The percentage ratio of starting salary to the minimum legal wage for the year 2023 is included:

<b>Starting salary to the minimum legal wage (%)</b>	
Spain	100%
The Netherlands	161%
Hungary	117%
Poland	225%

### Gender Pay gap

Beyond gathering the remuneration data, the Group has calculated its gender pay gap to ensure better monitoring of its commitment to the pay equity, as established in the human resources policies and the equality plan.

The calculation of the gender pay gap is carried out based on the annual remuneration of the active staff at the end of the fiscal year. Calculated according to the indicated methodology, the global gender pay gap of the Group is of 41%. The main reason of the difference between the remuneration received by men and women is that most of the management positions are held by men, specifically 20 of the 26 existing management positions are occupied by men.

<b>Gender pay gap</b>	
<b>2022</b>	<b>2023</b>
30.1%	41%

<b>Gender pay gap by country and professional category</b>										
<b>Professional category</b>	<b>Senior Management</b>		<b>Management</b>		<b>Leadership</b>		<b>Middle Management</b>		<b>Others</b>	
	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>
Spain	65%	(*) <sup>16</sup>	(*)	(*)	29%	-17%	6%	11%	12%	13%
Portugal	-	-	(*)	(*)	-	-	-16%	0%	19%	10%
The Netherlands	-	-	-	-	9%	0%	6%	-	4%	19%
Poland	-	-	43%	52%	-	(*)	-	(*)	1%	-6%
Hungary	-	-	-	21%	-	-	-	13%	5%	13%
Italy	-	-	(*)	(*)	-	12%	-10%	3%	4%	28%
Germany	-	-	(*)	(*)	35%	-	(*)	(*)	21%	-6%

<sup>17</sup> The data concerning remuneration has not been published in order to protect the privacy of the employees, as there is only one employee of the company in the presented category.<sup>16</sup>

### 4.1.3 New employees

Attracting and retaining talented employees has become a great challenge for the companies. Consequently, the Group focuses on improving the processes of attraction, selection and retention of employees endeavouring to minimise the staff turnover.

During the year 2023 the Group hired 129 employees in different categories. The following table shows the breakdown by country, age, and gender.

Employment by country, age, and gender <sup>17</sup>				
Country	Age	2023		
		Men	Women	Total
Spain	<30	18	4	
	30-50	18	13	<b>61</b>
	>50	5	3	
Portugal	<30	4	4	
	30-50	3	7	<b>18</b>
	>50	-	-	
The Netherlands	<30	5	5	
	30-50	6	7	<b>25</b>
	>50	2		
Hungary	<30	-	1	
	30-50	-	5	<b>6</b>
	>50	-	-	
Italy	<30	-	1	
	30-50	3	3	<b>7</b>
	>50	-	-	
Poland	<30	1	1	
	30-50	2	5	<b>9</b>
	>50	-	-	
Germany	<30	-	-	
	30-50	1	-	<b>3</b>
	>50	-	2	
<b>Total</b>		<b>68</b>	<b>61</b>	<b>129</b>

### 4.1.4 Dismissals

In 2023 a total number of 54 dismissals took place in the organisation, compared to 41 in the previous year). The following table shows the number of dismissals by country, age, and gender:

<sup>17</sup> In 2022 the report did not include the breakdown of employment by country, age, and gender, only the total number.

Dismissals by country, age, and gender <sup>18</sup>				
Country	Age	2023		
		Men	Women	Total
Spain	<30	1	-	
	30-50	4	-	<b>8</b>
	>50	1	2	
Portugal	<30	-	-	
	30-50	-	1	<b>1</b>
	>50	-	-	
The Netherlands	<30	7	4	
	30-50	8	2	<b>23</b>
	>50	2	-	
Hungary	<30	-	3	
	30-50	2	14	<b>20</b>
	>50	1	-	
Italy	<30	-	-	
	30-50	-	-	<b>0</b>
	>50	-	-	
Poland	<30	-	1	
	30-50	-	-	<b>1</b>
	>50	-	-	
Germany	<30	-	-	
	30-50	1	-	<b>1</b>
	>50	-	-	
<b>Total</b>		<b>27</b>	<b>27</b>	<b>54</b>

<sup>18</sup> In 2022 the report did not include the breakdown of dismissals by country, age, and gender, only the total number.

#### **4.1.5 Turnover rate**

The turnover rate of the Group for the year 2023 was of 19.58%. A total number of 151 employees left the company for different reasons (voluntary resignation, dismissal, termination of contract, et.). In order to tackle these departures, the Company incorporated a total number of 127 employees throughout the year.

The Group is aware of the ongoing talent shortage in the sector. New generations have different needs and expectations, and for this reason the employment management model is evolving to adapt to the new realities. During the year 2023 the Company has been striving to become more competitive in the area of talent attraction and retention.

Moreover, the employees of the Group give talks in educational institutions, fairs and on different forums to attract talent and help young people in their entry onto job market. There are also available residencies in the company, where the students have the opportunity of becoming for some weeks a part of the Company.

#### **4.1.6 Collective agreements**

100% of employees in Spain, Italy and Portugal are covered by collective agreements. In Hungary this figure is 96% as at 31 December 2023. On the other hand, the Netherlands, Poland, and Germany do not have these collective bargaining agreements.

#### **4.1.7 Employee benefits**

The Group's employees have the opportunity to enjoy various benefits depending on the subsidiary to which they belong. The employee benefits include the following highlights:

- Special electricity and gas tariffs
- Health insurance
- Maternity and/or paternity leave
- Disability benefits
- Variable remuneration plan

### **4.2 Diversity, equal opportunities, and non-discrimination**

The Audax Group is firmly committed to equal treatment and opportunities, respect for the Non-Discrimination Principles and promotion of diversity and inclusion. As an illustration of this commitment, there are various policies and procedures, whose objective is to prevent and mitigate any discriminatory situation or a threat to the dignity of the persons who comprise the Group.

The staff is comprised of persons from different countries and cultures, diversity being part of our raison d'être. We operate in 9 European countries, and we employ people of different nationalities, who work side by side in a secure and egalitarian workspace. Equality and non-discrimination are considered as basic and fundamental principles in the entire Group.

The Company implemented its Internal Equality Plan in 2020 and will be updating it in 2024 in cooperation with a renowned firm with expertise in the area. There is an action plan prepared to achieve equality of opportunities for men and women. The plan involves initiatives, which will contribute to improve the following aspects of the organisation:

- Working conditions.
- Access to the organisation.
- Internal and/or continuous learning.
- Organizational culture and management.
- Promotion and/or career development.
- First-aid measures.
- Fair pay.
- Working time and co-responsibility
- Gender-neutral communication
- Health and safety in the workplace
- Prevention of and reaction to sexual and gender harassment

With this regard, as at the end of 2023 the following measures have been implemented:

- The Company's remuneration recording process has been formalised with regard to the years 2021 and 2022 in order for the Company to undergo a remuneration audit corresponding to the years 2021, 2022 and 2023.
- Audax has an internal labour market on the Employee Portal, which provides the same opportunities for both genders, boosting Internal promotion.
- A communication plan, which includes as part of its strategy the importance of the use of non-sexist and inclusive language.

Also, within the framework of the Equality Plan, the **Equality Committee** has been set up, and is responsible for supervising the compliance with the equality of treatment and opportunities principle, ensuring the fulfilment of the plan and its actions within the proposed deadlines, organising follow-up meetings, and encouraging new awareness-raising actions and measures. All these functions are outlined in the **Regulations of the Equal Opportunities Committee**.

The Group rejects explicitly any forms of harassment and makes available to its employees the **Protocol Against Workplace Harassment**, which defines what kind of conduct is considered as workplace harassment and specifies a procedure to be followed in a situation of workplace harassment. In this regard, the use of the Whistleblowing Channel is encouraged as a means of secure and confidential communication available to all the employees. All the documents mentioned before are available to the employees through the corporate intranet.

In this area we highlight the initiative implemented by the subsidiary of Audax Renovables in the Netherlands. The organisation has designated two employees as "Confidential Advisers". Their role is to offer advice to the employees who experience undesirable behaviour from others, such as mobbing, discrimination, aggression, violence, or sexual harassment. All conversations between the employees and the advisers are entirely confidential and private. The confidant shall advise and guide the employee explaining every possible option, so that the employee may adopt the best measure based on the advice received.

In the year 2023 the Group did not receive any complaint concerning workplace discrimination, harassment, or aggression.



#### 4.2. 1 Work-Life balance and family conciliation

The Group is strongly committed to respect the personal and family life of all persons who are part of the Group. Consequently, it implements reconciliation programmes, which support the distribution between professional and personal time, such as flexible working hours (whenever it is possible according to the type of work), teleworking agreements, working time reduction, or the opportunity to request maternity and/or paternity leave.

The most recent initiative is the implementation of a remote work system in a blended mode applicable to the employees, whenever it is adaptable to the work position.

#### 4.2. 2 Maternity and/or paternity leave and reintegration

<b>Maternity and/or paternity leave and reintegration<sup>19</sup></b>		
<b>Parental leave</b>	<b>2023</b>	
	<b>Men</b>	<b>Women</b>
Total number of employees who have taken parental leave	18	33
Total number of employees who returned to work after parental leave during the reporting period	13	17
Total number of employees who returned to work at the end of their parental leave and who continue being employed during 12 months after returning to work	13	12

#### 4.3 Health and safety in the workplace

Paying utmost attention to the health and safety of all staff members is another essential aspect of the Group's management.

##### 4.3.1 Health and safety management systems

The Company has Health and Safety Management Systems to comply with applicable regulations. The Spanish subsidiaries, the Italian subsidiary and the subsidiary located in the Netherlands cooperate closely with external prevention services to define and implement all the necessary measures in the area of health, safety, and risk prevention.

Moreover, the subsidiary of Audax in Hungary has a Health and Safety Management System certified in accordance with the ISO 45001 standard.

All the subsidiaries of the Group have implemented policies and procedures concerning health and safety, such as for example prevention plans, self-protection plans and internal prevention guidelines for occupational risk prevention both in the office and teleworking conditions.

During the year 2023 the Group continued applying all the necessary measures to ensure health and safety of all its employees. The following measures in this area should be highlighted:

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<sup>19</sup>Information on parental leave is published for the first time for the year 2023.

- Carrying out periodic assessment of occupational risks to which the employees may be exposed both in general and in their workstations.
- Medical examinations of the employees.
- The Group is working towards formalising the descriptions of job positions to control whether the Group's personnel meet the technical and personal requirements necessary to assume a particular position.

#### 4.3.2 Employees' health and safety training

Training the employees in occupational risk prevention is essential for their health and safety. For this purpose, the subsidiaries have implemented prevention plans adapted to their circumstances. Those plans include training programmes for the employees. In 2023 the employees of all the subsidiaries have had training sessions concerning this matter. It should be stated that all the employees must be trained in this matter when they join the company.

#### 4.3.3 Accident and absenteeism rates

The aim of implementing the aforementioned measures is to minimize workplace accidents. The Group has not experienced any fatalities since the beginning of its business activities. During the year 2023, the number of accidents with sick leave remained constant, while the number of days lost due to accidents with sick leave, increased in comparison to the previous year.

The hours of absenteeism decreased by more than one third in comparison to 2022:

<b>Accident and absenteeism rates</b>				
<b>Indicator</b>	<b>2022</b>		<b>2023</b>	
	<b>Women</b>	<b>Men</b>	<b>Women</b>	<b>Men</b>
Number of work accidents with sick leave	1	2	3	-
Number of days lost due to work accidents with sick leave	44	16	112	-
Frequency rate	33.83	7.72	18.83	-
Severity rate	0.03	0.01	0.70	-
Hours of absenteeism	137,437		40,214	

#### 4.4 Employees' training and development

##### 4.4.1 Training

Audax Renovables' success is the result of the work, commitment, and professionalism of its team. Therefore, the Company promotes policies and schemes of professional development directed to its employees.

In 2023 the Group continued offering a programme of continuing training to its employees to ensure that the staff had the necessary skills to assume the responsibilities and carry out the tasks associated with their positions and, at the same time, develop new skills, which would enable them to grow personally and professionally. More than 110 training sessions were provided to the employees.

We would like to highlight the following courses conducted in 2023:

- **English:** With the aim of improving internal communication among the Group's subsidiaries and with the Group's stakeholders, English courses have been offered to all the interested employees. Currently more than 100 employees participate in weekly English lessons.
- **Cybersecurity and data management:** 6 courses concerning these matters were provided to various subsidiaries of the Group.
- **Courses on ORP (Occupational Risk Prevention) in the construction sector:** The courses included basic training in the necessary prevention matters in the construction sector. Necessary training to be able to go to the construction site.

The training programme is not limited to the obligatory courses but is aimed at including the specific needs of the employees. Therefore, all Group subsidiaries have internal processes for requesting specific training related to particular job positions.

The following table shows the total number of hours of training of the employees by professional category and gender:

<b>Hours of training</b>			
<b>Professional category</b>	<b>2022<sup>20</sup></b>	<b>2023</b>	
		<b>Women</b>	<b>Men</b>
Senior Management	70	33	187
Management	1,032	271	813
Leadership	845	229	1454
Middle Management	678	489	613
Others	11,742	3,421	2,923
<b>Total</b>	<b>14,367</b>	<b>10,431</b>	

The Group's total investment in training was €190,888. It was more than twice the amount of the investment of the previous year, which was €90,860.53.

#### **4.4.2 Performance evaluation**

In 2023 the performance evaluation model was updated in order to establish a just and equitable evaluation process for all the employees. This represents a significant increase over the previous year, which was 90,860.53 euros.

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<sup>20</sup> In 2022 the available information was not sufficient to include the hours of training by gender.

<b>% of employees evaluated in 2023<sup>21</sup></b>		
<b>Gender</b>	<b>Professional category</b>	<b>%</b>
Men	Senior Management	1%
	Management	1%
	Leadership	2%
	Middle Management	2%
	Others	27%
Women	Senior Management	1%
	Management	1%
	Leadership	1%
	Middle Management	2%
	Others	32%

#### 4.5 Customer management

Audax Renovables and all its subsidiaries have a Customer Service Department focused on responding to queries, incidents and/or claims through the different communication channels established in each subsidiary of the Group. Although each subsidiary has its own customer service and management process, all are based on the same steps:

- The request/complaint is registered.
- If the request/complaint is resolved online, it is closed automatically.
- Otherwise, it stays open, and the complaints department receives a signal and starts investigating the issue and, when appropriate, takes the necessary measures to resolve it.

The following table shows the total number of complaints and/or requests received in 2023. The method used most frequently by the customers to contact the company is still by telephone.

<b>Customers' complaints and requests<sup>22</sup></b>		
<b>Stage</b>	<b>2022</b>	<b>2023</b>
No. of complaints and/or requests received	9,224	11,405
No. of complaints and/or requests being handled	8,949	2,239
No. of complaints and/or requests resolved and remedied	7,941	10,218

In 2021 the CNMC impose a sanction of €1.5 million on Audax Renovables for possible irregular conduct in consumer contracts in 2019. The Company lodged an administrative appeal with the National court, which has not been yet resolved.

In 2022 the CNMC issued a disciplinary decision imposing a sanction of €9.258 million on various subsidiaries of the Audax Group. The companies involved lodged an appeal against the decision with administrative court and requested precautionary measures in the form of (i)

<sup>21</sup> The subsidiaries included in the report are the subsidiaries in Spain, Portugal, the Netherlands, and Italy.

<sup>22</sup> The Netherlands is not included in the customer complaints report due to limited information availability.

suspension of the obligation to pay the sanction and (ii) suspension of the application of the resolutions concerning the prohibition of entering into contracts with public administrations.

The appeal was admitted for processing in January 2023. In the case of Audax, the precautionary suspension was approved by judicial decision announced on 8 January 2023. In the case of the other Companies, no decision is known yet, because the different precautionary suspension requests were filed after lodging the appeal.

#### **4.6 Cybersecurity and information privacy**

The Group's processes and operations are carried out thanks to a technological infrastructure. This fact implies taking into account the risks related to the technological dependency, which could directly affect the economic performance and operations of the Company.

In order to mitigate such risks, the Group has implemented the Information Security Policy, aimed to preserve the confidentiality, integrity, and availability of the information, which constitute the three basic components of the information security and are aimed to define the set of basic principles, action lines, establish the requirements for the protection of Audax's business.

Moreover, the Company set up a Cybersecurity Committee, which defines, oversees, and monitors the appropriate implementation of the Cybersecurity Master Plan. As a part of the Plan, the Company carried out a Review of the Intranet Security and pen tests of the Group's websites in 2023.

During 2023 the Group experienced only one incident of data privacy breach due to a human error. The incident was investigated, and appropriate measures were implemented to avoid a recurrence of the situation.

#### **4.7 Value chain**

Audax wants its supplying companies to operate based on the same ethics commitments which it has defined for its own activities. No specific evaluations are made regarding environmental or social matters, but the Group pursues the compliance of the Code of Ethics and Conduct throughout its supply chain. For this reason, the Code of Ethics and Conduct features a section dedicated exclusively to the Ethical Commitment of the Suppliers.

Regarding the application of social responsibility criteria in the suppliers, the Group makes sure to cooperate with companies and suppliers of high renown and contemplates potential risks related to its supply chain, though no negative social impact has been identified neither in the Group's supply chain nor in the operations or its suppliers. Also, no operations or suppliers have been identified with significant risk of forced and/or child labour, or exploitation or non-compliance with human rights.

Audax Renovables has not received any claim deriving from the safety and quality of the Group's services and products. Moreover, the company focuses its efforts on ensuring the security of information of its customers. Therefore, the appropriate measures are adopted to ensure the protection and confidentiality of sensitive data provided by the customers for the purpose of using products and services offered to them.

## Local suppliers

The Group is committed to hiring local suppliers<sup>23</sup> companies. During 2023, the expense on local suppliers was 58% of the annual expenditure. At the end of 2022 the expense on local suppliers was 88%.

Supplies expense in EUR thousands			
Country	Total supplies expense	Expense on local supplies	% of expense on local supplies
Spain	€515,300.19	€349,007.56	68%
Portugal	€3,684.72	€3,684.72	100%
The Netherlands	€489,839.68	€158,642.10	32%
Poland	€34,332.81	€33,792.9	98%
Hungary	€4,557.66	€4,557.66	100%
Italy	€148,359.57	€139,999.82	94%
Germany	€9,447.67	€9,447.67	100%
<b>TOTAL</b>	<b>€1,205,522.29</b>	<b>€695,447.7</b>	<b>58%</b>

## 4.8 Social responsibility

The Group's SDG commitment has made it understand that its economic activity implies being in constant relation with the environment and requires responsible behaviour.

For this purpose, Audax Renovables cooperates with various non-profit organisation, which promote protection of children at risk of social exclusion, research, respect for animals, sports or combating diseases.

The Group encourages the employees to take part in various activities carried out within the framework outlined before. Therefore, since 2017 internal mechanisms have been implemented so that all the employees can suggest any non-profit association or NGO which operates on national or local level within the scope of issues such as assistance and help to marginalised communities or groups at risk, defence of human rights, defence and protection of animals or the natural environment, as well as others.

In 2023, the Group cooperated with the following non-profit organisations and entities by either making donations and/or acquiring their charity products:

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<sup>23</sup>The organisation uses local suppliers such as supplying companies located in the country where it operates. The calculation of the supplies expense includes all those suppliers registered in the system.

- Federación Española de Enfermedades Raras
- Fundación Aladina
- Fundación Internacional Josep Carreras
- Fundación Miquel Valls
- *Centre Obert Joan Salvador Gavina*
- Fundación privada Small
- Fundación Santuario Gaia
- Fundación Andrea
- Adevida
- Obra social Granadal
- Fundación COMTAL
- Open Arms
- Cáritas
- Remar Andalucía

Another proof of the Group's commitment to the SDG: Global partnership are the associations to which the Group belongs. The associations enable us to be up to date with the trends, challenges, detected risks and applicable regulations. The following are the associations with which the Group cooperates, listed by country:

#### **Spain:**

- Global Compact Network Spain
- IAI (Internal Auditors Institute)
- AEE (Association of Wind Energy Companies)
- UNEF (Spanish Photovoltaic Union)
- EOLICCAT (Catalan Wind Energy Association)
- ASNEF (National Association of Credit Finance Institutions)
- ANESE (Association of Energy Services Companies)
- A3E (Association of Energy Efficiency Companies)
- CECO (Confederation of Companies of Córdoba)

#### **The Netherlands:**

- Energie Nederland
- NEDU (Nederlandse EnergieDataUitwisseling)

#### **Italy:**

- Camera di Commercio di Spagna in Italia

#### **Hungary:**

- MEKSZ / HETA (Hungarian Energy Traders' Association)

## **5 Corporate Governance**

### **5.1 Governance model**

Audax Renovables is committed to achieve solid and robust corporate governance model, which will allow the company to act with transparency and creating long-term value for all the stakeholders within the organisation.

All the information related to the functioning, responsibilities and conduct rules of the governing bodies can be found in the Regulations of the Board of Directors published on our website: <https://www.audaxrenovables.com/gobierno-corporativo/>

For daily operations, there are various corporate departments such as internal auditor, human resources, finance, risks, operations, sustainability, and natural environment, commercial, invoicing, suppliers, customer service or system support, which have specific functions.

### **5.2 Governing bodies**

As a public listed company, the governance model is comprised of the following bodies:

#### **Board of Directors**

The principal mission of the Board of Directors is to guide, manage and represent the Company within the scope of activities featured in its objects, to define the general strategy and indicate the guidelines for its management, while being committed to the transparency and veracity of the information of the Company in its relations with the shareholders and the markets in general.

The Board of Directors of Audax Renovables is comprised of the chairman, four members (two of those women) and a non-member female secretary.

#### **Audit Committee**

Among others, the Audit Committee is focus on the efficacy of the Company's internal control, internal audit, and risk management systems; to reports to the General Meeting of Shareholders the issues raised by the shareholders; to oversee the preparation and submission of the required financial information; and to refer proposals to the Board of Directors.

This committee is comprised of a chairman and two members (one of which female).

#### **Appointments and Remuneration Committee**

The Committee's principal responsibilities involve evaluation of the skills, knowledge, and experience necessary for the Board of Directors, to suggest to the Board of Directors the directors and senior management's remuneration policy, and to submit to the Board the proposals to appoint directors.

At the end of 2022, the Company incorporated the position of the Sustainability and Environmental Responsible, who reports directly to the Appointments and Remuneration Committee. She is responsible for regularly reporting the company's performance in ESG (Environmental, Social, and Governance) matters.

Currently, this committee is comprised of a chairman and two members (one of which female).



## Criminal Compliance Committee

It is the body responsible for criminal compliance within the organisation, with three main objectives: crime prevention, detection of criminal conduct and reaction to such conduct.

Its main tasks involve mainly promoting the compliance culture, ensuring the awareness of the values and ethical principles of the Corporate Code of Ethics, implementing appropriate training programmes, supervising the functions, and monitoring the Compliance and Criminal Risk Prevention Model, and advising the personnel of the Company, its directors, and Senior Management with regard to the criminal compliance matters. As a unit operating through the Internal Information System (SII) Manager, it is also responsible for managing and processing the claims submitted through the Whistleblowing Channel.

The Committee is comprised currently of four members from different departments of the organisation, two of them women.

## Equality Committee

The Committee's goal is to supervise the compliance with the principle of equal opportunities and non-discrimination of women and men within the Group, as well as to draw up, modify and implement the Equality Plan and raise the organisation's awareness of the importance of eliminating discriminatory conduct. The Equality Committee is made up of 3 representatives of the company and 3 legal representatives of the employees.

### 5.3 Regulatory Compliance System

- **Corporate Code of Ethics and Conduct** of Audax Renovables and its group of companies: this document's purpose is to make known to all employees of the Group the values and general principles which ought to govern their work and professional activity. Another objective of the document is to help attain the goals set in the organisation's mission vision and values.
  - The Code of Ethics contains, among others, the recommendations of good governance, of general recognition in the international markets, as well as the principles of social responsibility, such as the respect of fundamental rights and ethical commitments towards the environment and the suppliers.
- **Disciplinary Rules and Sanctions – Corporate Code of Ethics and Conduct** of Audax Renovables and its subsidiary companies: a supplement to the Code of Ethics and Conduct, which sets out the disciplinary proceedings for non-compliance with the principles and actions outlined in the Corporate Code of Ethics and Conduct.

The sanctions system featured in the collective agreement will also be applicable, together with the Spanish civil and criminal laws in force.

- **Criminal Compliance Committee.** It is the body responsible for the criminal compliance of the Company, as described with more detail in section 5.2 hereof.
- **Compliance Officer.** As a result of the implemented Compliance Model, the figure of Compliance Manager or Compliance Officer has been defined and created in subsidiary companies of the Group. Compliance officers are responsible for implementing the Compliance Model in each subsidiary, being supported, and reporting periodically to the Criminal Compliance Committee.
- **Regulations of the Criminal Compliance Committee.** Prepared by the Criminal Compliance Committee itself and approved by the Audit Committee and the Board of

Directors. The regulations determine the principles governing the Committee's activity and its internal organisation.

- **Compliance and Criminal Risk Prevention Handbook** of Audax Renovables and its group of companies: this document represents a firm commitment to supervising the compliance carried out by the Group of the management and prevention of criminal risks, which could affect it according to its activity and business sector, and especially after the consecutive amendments to the Spanish Criminal Code, the guidelines established in this aspect by the Spanish Public Prosecutor's Office and the ethical principles of corporate good governance.
- **Compliance and Criminal Risk Prevention Policy.** Within the framework of the Compliance Handbook mentioned before and in line with the Code of Ethics, the policy informs Audax Renovables' personnel and third parties of the organisation's opposition to the commitment of any illicit, criminal, or unlawful act.
- **Internal Information System Policy.** Initial design and approval of the Policy of Internal Information System and Informant Protection in accordance with Law 2/2023 of 20 February, on the protection of persons who report breaches of law and on fight against corruption.
- **Internal Information System Procedure.** It is the Procedure (replacing the previous Whistleblowing Channel Regulations), which updates in accordance with the requirements of Law 2/2023 of 20 February and regulates the protection of persons who report breaches of law and on fight against corruption.
- **Whistleblowing Channel.** It is a tool made available to the employees and business partners who wish to use it, to enable them to report irregularities or make enquiries. The reports can be submitted preferably through a platform designed for this purpose, accessed from the Employee Portal as well as through the following link <https://audax.whistleblowernetwork.net>.

For the purpose of overseeing the implementation of and compliance with all these documents, among other objectives, the Group has established the Audit Committee, a delegated body of the Board of Directors. The Committee monitors the actions of the Criminal Compliance Committee. Moreover, and as a third line of defence, with regard to ensuring a greater control environment, the Internal Audit Department of Audax Renovables, also reporting to the Audit Committee, draws up annually its Annual Audit Plan, where it outlines the actions to be carried out during the year, also including the necessary audit activities of the compliance area.

As a result of the implementation process of the regulatory Compliance Model, the Group endeavours, and has been endeavouring in previous years, to establish the bases of special training to prevent and detect criminal offences resulting from the risk matrix. Throughout the year 2023 a workshop survey has been conducted, concerning the ethical climate within the Group, to enable a better understanding of the awareness of the persons belonging to it concerning criminal matters and implement improvement actions depending on the results of the survey. Moreover, training has been organised, in the form of training sessions, concerning the Gifts and Hospitality Policy.

Audax Renovables has been endeavouring throughout the year 2023 to implement and update the Compliance Model in the parent company and in its subsidiaries, after completing the implementation of the Criminal Risk and Control Matrix (local assessment) as well as corporate policies and procedures. The Group continues making efforts to raise awareness within the organisation, and to ensure constant supervision and monitoring.

In 2023 Audax Renovables did not receive any fines for non-compliance with the law or regulations in social and economic field.

## 5.4 Fight against corruption and bribery

In recent years corruption has become a global problem, which not only stifles the economy and the markets, but also hinders the appropriate allocation of existing public resources, thus being one of the main obstacles to the social and economic development. Therefore, the Group pays special attention to corruption and bribery offences, as well as to all corruption-related risks and the results of changes in applicable legislation. Audax is part of the United Nations Global Compact since 2013 and in its adherence to the tenth principle it makes every effort to continue its commitment to fight against corruption in all its forms. The organisation rejects the use of any practices, offers or requests of illicit payments, monetary or otherwise, for the purpose of obtaining benefits in its relations with the interested parties.

The Code of Ethics features a commitment to the rules of transparency and business ethics and extends it to its suppliers. In order to prevent any form of corruption and bribery, Audax Renovables has the following documents and measures available: Code of Ethics, Code of Good Commercial Practice, contract validation handbook, bank reconciliation, delivery contract model, dissemination of public administrations delivery contract terms, public administrations proceedings, cash and bank accounts management, digital certificates of electricity and gas purchases, forecasts of income from energy retailing and price hedging contracts, among others. Those documents establish and put into practice the organisation's key measures for mitigating risk of bad conduct of its members.

Due to a case of professional negligence in the Polish subsidiary, the Group's Management decided in 2021 to appoint a new person in charge of that subsidiary. Moreover, and as a measure to improve the control environment, the decision was made to accelerate the process of implementation of the Internal Control over Financial Reporting System, in line with the rest of the subsidiaries of the Group. Today all the subsidiaries are subject to the same control environment concerning the presentation and oversight of financial information.

During this year efforts were made to raise employee awareness regarding Compliance through a survey and workshop concerning the ethical climate, referred to in paragraph 5.3, in order to strengthen the integrity and regulatory compliance, and thus highlight and make the employees again aware of the importance of the principle of zero tolerance towards corruption and bribery, among other compliance risks.

## 5.5 Respect for Human Rights

The Group maintains its firm commitment to the respect for and defence of human rights, in accordance with the Ten Principles of the United Nations Global Compact, the Universal Declaration of Human Rights, the OECD Guidelines for Multinational Enterprises and the International Labour Organisation Core Conventions.

Following these guidelines, Audax Renovables undertakes to respect, in all its activities, the fundamental rights of its workers and civil liberties recognised by national and international agreements and legal systems of the countries where it operates. The Group is committed to the following labour principles in accordance with the fundamental conventions of the International Labour Organisation:

- To support freedom of association and effective recognition of the right to collective bargaining.
- To support elimination of all forms of forced or obligatory labour.
- To support effective abolition of child labour.
- To support elimination of discrimination in employment and occupation.

In line with its commitment to guaranteeing respect for human rights in all the Group's activities, there are several documents, which comply with the Ten Principles of the United Nations Global Compact as well as with the Universal Declaration of Human Rights and the fundamental conventions of the International Labour Organisation.

For example, Audax Renovables has promoted various actions to ensure compliance with Principle 1<sup>24</sup> of the Guiding Principles of Global Compact:

- The 2020 update of the Corporate Code of Ethics and Conduct, whose acceptance is obligatory for each employee, to whom the Code is applicable<sup>25</sup>. This document outlines the organisation's commitment to the respect for fundamental rights, equal opportunities, diversity and non-discrimination, the right to privacy, harassment prevention, as well as respect for all matters related to health and safety in the workplace. All employees must declare their commitment to the principles of the Corporate Code of Ethics and Conduct, which is a part of the information pack received by each employee at onboarding in the company.
- The existence of the Whistleblowing Channel, a mechanism designed for the purpose of reporting types of conduct which might entail human rights violation.
- The organisation's Harassment Protocol is aimed at keeping the work environment free of any conduct susceptible to being construed as harassment or bullying in the workplace, thus promoting preventing measures against such types of conduct.
- Policy promoting reconciliation of work, private and family life.
- Audax Renovables focuses its attention on Principle 2<sup>26</sup> of the Guiding Principles, extending its commitment to promote human rights among its suppliers. However, it should be mentioned that, due to the Group's activity, usually there is no direct risk related to human rights abuse by its suppliers.

In 2023 no significant real or potential risk or impact was identified concerning respect for human rights throughout the value chain of Audax.

## 5.6 Whistleblowing channel

The need to protect the good reputation and prestige of Audax requires that all its employees, when acting on behalf of the Group, always comply with applicable legislation, the Corporate Code of Ethics and Conduct and applicable internal policies and procedures.

In order to detect any conduct against the rules outlined above, Audax has established the Whistleblowing Channel, designed for the purpose of communicating possible irregularities or infringements, which could constitute a breach of law, of the Code of Ethics or its implementing provisions or of other internal applicable regulations; as well as for the purpose of submitting requests of explanation of specific doubts raised by the application or interpretation of applicable regulations, both external and internal, including doubts concerning the operation of the Channel or any other applicable rules.

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<sup>24</sup>Principle 1: "Businesses should support and respect the protection of internationally proclaimed human rights within their scope of influence".

<sup>25</sup> The scope of the Corporate Code of Ethics and Conduct includes, by now, Audax Renovables and subsidiary companies (listed company).

<sup>26</sup>Principle 2: "Businesses should make sure that they are not complicit in human rights abuses".

The functions of the whistleblowing channel are outlined in the Internal Information System Procedure. Its purpose is to establish the principles, guidelines, and functions of the Internal Information System, as well as to regulate the protocols and actions to be taken by the Internal Information System Manager as the body responsible for its management, assisted by the Criminal Compliance Committee in the processing of the enquiries and/or complaints received, always respecting the fundamental rights and duties of the persons who use it.

The Internal Information System and the Whistleblowing Channel of Audax are governed by the principles of legality and corporate ethics, independence and impartiality, transparency and accessibility, traceability and security, diligence and celerity, good faith, respect for fundamental rights, prohibition of retaliation, confidentiality, anonymity, and personal data protection.

In 2023 the Whistleblowing Channel did not receive any complaint. The Group has been hiring an independent external third party for the purpose of managing and resolving the complaints, thus ensuring the independence and impartiality of the decision-making process.

The Group's constant commitment is to tackle any complaint by reviewing the pertinent measures and possible corrective actions to ensure due compliance by the stakeholders.

## **5.7 Risk management**

Audax has a risk management system to guarantee the interests of its stakeholders and promote the Group's growth. For the purpose of tackling the risks in an efficient and effective way, with all that it entails, we continue applying the model of three defence lines, which establishes and outlines the responsibilities and processes structured for an appropriate management of the organisation.

### **- First Line of Defense: Operational Units and Core Business**

The first line of defence comprises all the operational units and business functions within the company. At this level, the owners of the processes and equipment are responsible for identifying, evaluating, and mitigating the risks in their respective areas through control activities. This is achieved by formalising and implementing key internal controls, conducting periodic risk analyses, which should be carried out at least once a year, and integrating risk management into the daily activities, as well as its appropriate management by the owner of each significant process.

A proactive culture of risk management is promoted, ensuring that every employee is aware of their role in identifying and managing the risks related to their duties and responsibilities, as well as in efficiently managing the controls of which they are in charge.

### **- Second Line of Defense: Business Risk Management**

The second line of defence is represented by the function of risk management and since 2022 is devolved to the Risk Committee. It was established by the Group due to the market changes triggered by the energy crisis and the ensuing material risks for the core business. The purpose of this Committee is to establish and monitor policies and strategies concerning risk, appetite, margins, and necessary hedges in order to operate in the electricity and gas market. The Committee meets at least once every quarter of the year and establishes an agenda of relevant topics concerning risk and business to be discussed. It is also the Committee's task to establish policies, rules, and procedures for the management of risks, as well as provide guidance and specialised advice to the operational units referred to the Group's core business, the retail of electricity generated from renewable sources, and gas.

### - **Third Line of Defense: Internal Audit**

The third line of defence is comprised of the Internal Audit Department, which primarily provides independent assessment of the efficiency of the processes of risk management and internal control. Periodic reviews are carried out at least once a year concerning risk management and control, to identify the improvement areas and guarantee compliance with applicable laws, regulations, and standards. The main purpose of this Department, reporting to the Audit Committee, is to support the Committee in its supervisory duties through periodic reviews of the process of drawing up the economic, financial, and non-financial information, of the internal controls and risk monitoring, as well as of the legal compliance.

Altogether, the three lines of defence work in cooperation in order to strengthen the organisation's ability to identify, evaluate and manage the risks in an effective manner, thus ensuring the protection of its assets, optimisation of its opportunities and creation of sustainable long-term value. The Group aims to continue focusing on an optimum risk management, allocating resources, and aligning efforts of the entire organisation. For this reason, the Group considers it vital for the corporate culture concerning risks and controls to be continued and constantly growing.

Lastly, and transversally for all the lines, the Group has a key tool of risk management in the form of corporate Risk Map, where each risk manager is assigned a complete evaluation, based on the impact and probability, of the existing factors, severity measures, priority and response prepared for each risk, as well as existing controls to mitigate the risks. The following are some of the factors identified according to the strategic approach of the Group from the point of view of each business object:

- Market risks
- Operational Risks
- IT Risks
- Compliance Risks
- Financial Risks
- Reputational Risks
- ESG Risks
- Commercial Risks

### **5.8 Transparency and communication**

Audax Renovables strives to strengthen the relationship with its stakeholders to promote the communication and understanding of the company, its results, its strategy and its goals and other aspects. Information on financial performance, significant events and ESG matters is published in quarterly reports. The Company's management have attended multiple events and meetings with investors and have appeared in the media giving interviews, participating in panel discussions and sector forums.














Being aware of the importance of making up-to-date, reliable, and transparent information available to our investors, customers, and stakeholders in general, the Company maintains its corporate website up to date by publishing the most recent reports issued, news and information on significant events.

Moreover, the Company has implemented and makes public through the corporate website its Communication Policy of financial, non-financial and corporate information, and on communication with shareholders, institutional investors, and proxy advisors.

Social networks have become an essential tool for the communication strategy of Audax Renovables. In addition to the content related to business results and news of the Company, the Marketing department creates and publishes audiovisual content (posts, pictures, videos, etc.) about energy saving, energy efficiency and promotion of energy from renewable sources and environment protection, among other topics.

In comparison to the previous year, the number of followers on social media has increased by 12%. The community is comprised of more than 43,000 followers, and more than 1,000 posts were published on different social media sites.

Below there is a summary of the communications and interactions made with different media and social networks:

Audax in social media		Media activity
<b>43,196</b> followers	<b>1,057</b> posts	<b>95</b> interactions
<ul style="list-style-type: none"> <li> 22,186 followers</li> <li> 2,569 followers</li> <li> 2,503 followers</li> <li> 6,751 followers</li> <li> 9,187 followers</li> </ul>	<ul style="list-style-type: none"> <li> 268 posts</li> <li> 254 tweets</li> <li> 241 posts</li> <li> 277 posts</li> <li> 17 videos</li> </ul>	<ul style="list-style-type: none"> <li> 15 press releases</li> <li> 2 webcasts with investors</li> <li> 78 information requests to the media</li> </ul>

## 6 Company Information

### 6.1 Tax information

With regard to the tax information, it should be noted that the tax policies and practices of Audax Renovables are aligned with the latest international standards. The Group complies with the tax legislation of the countries where it operates and pays the duly corresponding part in the jurisdictions where it generates value.

In 2021 Audax Renovables started to pay the corporate income tax in its own tax group. Below we present the tax information on Audax Renovables for the fiscal year 2023.

<b>Profit/loss before tax</b>		
<b>Country</b>	<b>2022</b>	<b>2023</b>
Spain	€-180,760	€-4,766,194
Italy	€3,011,550	€2,312,353
The Netherlands	€3,129,263	€26,584,167
Portugal	€2,050,780	€444,098
Poland	€3,150,979	€270,687
Germany	€-6,471,056	€-5,380,910
France	€299,388	€190,741
Hungary	€-1,451,293	€9,374,903

<b>Corporate Income Tax</b>		
<b>Country</b>	<b>2022</b>	<b>2023</b>
Spain	€4,495,838	€4,147,441
Italy	€297,606	€1,223,953
The Netherlands	€1,746,759	€9,872,712
Portugal	€-405,369	€218,701
Poland	€729,065	€742,968
Germany	€0	€0
France	€67,234	€66,605
Hungary	€0	€0

### Government subsidies

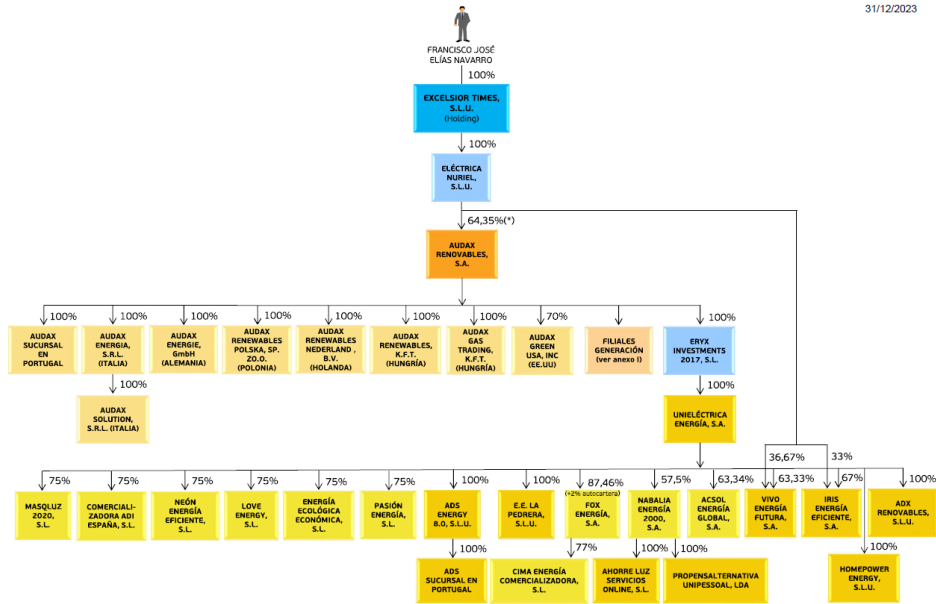
The Group has not received government subsidies in 2023.



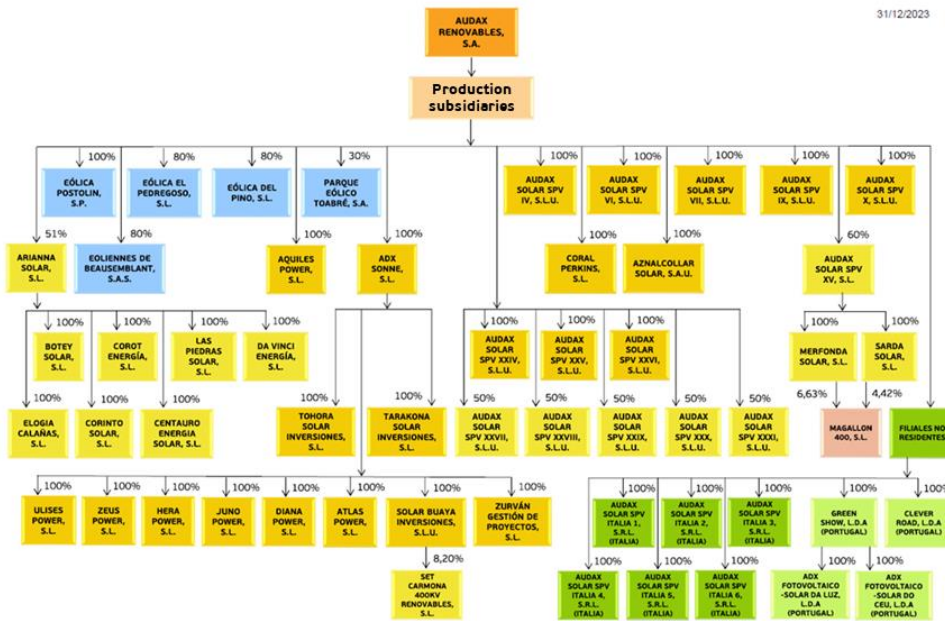
## 6.2 Corporate structure

Currently, Eléctrica Nuriel is the majority shareholder of Audax Renovables, comprising various subsidiary companies, joint ventures, and associated businesses, which are included within the scope of this report and add up to an energy group whose business involves generating energy from 100% renewable sources as well as supplying 100% renewable electricity, and gas.

The graphic below shows the corporate structure at 31 December 2023. It should be noted that neither Excelsior Times, S.L.U. nor Eléctrica Nuriel, S.L.U. are featured within the scope of this report.



The following companies are featured within the "renewable subsidiaries", categorised as companies dedicated either to the activity of energy generation or energy retail:



## 7 About the report

### Basis for drawing up the report:

This report features non-financial information of Audax Renovables and subsidiaries, hereinafter: "Audax Renovables" or "the Group", for the year 2021. Through this document, the Group responds to the requirements of Non-Financial Reporting and Diversity introduced by the Law 11/2018 of 29 December 2018.

Aligned with the scope of the consolidated annual accounts, this report contains information concerning the following companies<sup>27</sup>:

- Generación Iberia, S.L.U.
- Audax Energia, S.R.L.
- Audax Solution, S.R.L.
- Audax Energie, GmbH
- Audax Renewables Polska Sp z o.o
- Audax Renewables Nederland B.V. (formerly Main Energie, B.V.)
- Audax Renewables Kft.
- Audax Gas Trading Kft
- Audax Green USA Inc
- Eólica El Pedregoso, S.L.
- Eólica Del Pino, S.L.
- Eoliennes De Beausemblant, S.A.S.
- Eólica Postolin Sp. z o.o.
- Audax Solar SPV IV, S.L.U.
- Audax Solar SPV VI, S.L.U.
- Audax Solar SPV VII, S.L.U.
- Audax Solar SPV IX, S.L.U.
- Audax Solar SPV X, S.L.U.
- Coral Perkins, S.L.U.
- Aznalcóllar Solar, S.A.U.
- Audax Solar SPV XV, S.L.
- Merfonda Solar, S.L.
- Sarda Solar, S.L.
- ADX Sonne, S.L.
- Tohora Solar Inversión, S.L.U.
- Tarakona Solar Inversión, S.L.U.

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<sup>27</sup> Should the information provided relate to a different organisational scope or other than specified, it will be stated within the permanent paragraph or table.

- Solar Buaya Inversiones, S.L.U.
- Zurván Gestión de Proyectos, S.L.
- Ulises Power, S.L.
- Zeus Power, S.L.
- Hera Power, S.L.
- Juno Power, S.L.
- Diana Power, S.L.
- Atlas Power, S.L.
- Aquiles Power, S.L.U
- Arianna Solar, S.L.
- Botey Solar, S.L.U.
- Corot Energía, S.L.U.
- Las Piedras Solar, S.L.U.
- Da Vinci Energía, S.L.U.
- Elogia Calañas, S.L.U.
- Corinto Solar, S.L.U.
- Centauro Energia Solar, S.L.U.
- Audax Solar SPV XXIV, S.L.U.
- Audax Solar SPV XXV, S.L.U.
- Audax Solar SPV XXVI, S.L.U.
- Green Show, L.D.A.
- ADX Fotovoltaico - Solar Da Luz, L.D.A
- ADX Fotovoltaico - Solar Do Ceu, L.D.A
- Clever Road, L.D.A.
- Audax Solar SPV Italia 1, S.R.L.
- Audax Solar SPV Italia 2, S.R.L.
- Audax Solar SPV Italia 3, S.R.L.
- Audax Solar SPV Italia 4, S.R.L.
- Audax Solar SPV Italia 5, S.R.L.
- Audax Solar SPV Italia 6, S.R.L.
- Eryx Investments 2017, S.L.U.
- Unieléctrica Energía, S.A.
- Explotación Eólica La Pedrera, S.L.U.
- Fox Energía, S.A.
- Nabalía Energía 2.000, S.A.
- Acsol Energía Global, S.A.
- Vivo Energía Futura, S.A.
- Iris Energía Eficiente, S.A.

- Cima Energía Comercializadora, S.L.
- Ahorre Luz Servicios Online, S.L.
- Propensalternativa Unipessoal, LDA
- ADX Renovables, S.L.U.
- ADS Energy 8.0., S.L.U.
- Homepower Energy, S.L.U.
- Masqluz 2020, S.L.
- Comercializadora ADI España, S.L. (formerly Alset Comercializadora, S.L.U.)
- Neon Energía Eficiente, S.L (formerly By Energyc Energía Eficiente, S.L.)
- Love Energy, S.L.
- Energía Ecológica Económica, S.L.
- Pasión Energía, S.L. (formerly Feed Energía, S.L.)

The report has been drawn up on the basis of the global sustainability reporting initiative GRI (Global Reporting Initiative) in its "Standards" version and in its essential option. The principles of the definition of content and quality of the report, defined in the GRI, have also been applied, as well as the principles of comparability, reliability, materiality, and relevance established in the Non-Financial Information Act.

Principles taken into account in the definition of the content of the report:

- INCLUSION OF THE STAKEHOLDERS: once the groups have been identified, the report informs on how their needs and expectations are met.
- SUSTAINABILITY CONTEXT: the organisation's performance is presented in the broadest understanding of the sustainability context.
- MATERIALITY: the report shows significant economic, environmental, and social impacts of the organisation, or those which might substantially influence the stakeholders in their evaluations and decisions.
- THOROUGHNESS: the report includes the coverage and the achievements associated with the identified material aspects, allowing the stakeholders to evaluate the organisation's performance.

Principles considered in the definition of the quality of the report:

- PRECISION: the information presented is precise and detailed.
- BALANCE: the report presents both positive and negative aspects of the organisation's performance.
- CLARITY: the information is presented in a way which is comprehensible and accessible to all the stakeholders.
- COMPARABILITY: the information has been selected, compiled, and communicated in a coherent manner. The information disclosed is presented in a way that allows the stakeholders to analyse the changes in the organisation's performance and supports the analysis related to other organisations.

- **RELIABILITY:** the report gathers, registers, compiles, analyses, and communicates the information and the processes used in the preparation of the report in order that they may be subject to revision and that they establish the quality and the materiality of the information.
- **PUNCTUALITY:** the report is drawn up and presented every year, making the information available in time for the stakeholders to make informed decisions.

## SCOPE OF THE REPORT

This report presents information concerning the period from 1 January to 31 December 2023, corresponding to the fiscal year of Audax Renovables. The historical data shown in some paragraphs correspond to the year 2022.

The financial information included in the report, in accordance with the Law 11/2018 of 29 December, comes from the Consolidated Annual Accounts for the same year (1 January to 31 December 2023).

The reported non-financial information includes companies that were previously mentioned, except for some cases where, due to the particularity of the company, the reported data do not apply. In those cases where the scope differs from the established standard, the companies included in the reported data are specified in the footnote.

### Chapter 2: Information on environmental issues

The data reported by Audax Renovables in this section refer to the day-to-day operations of its offices. In cases of increase or difference from the established scope, it is specified in the footnotes.

### Chapter 3: Information on issues concerning personnel

Audax Renovables includes the data referring to its employees in the last year (2022) itemised, in accordance with the Law 11/2018 of 29 December, by gender (female, male), age bracket (<30, 30-50, >50) and professional category (senior management, management, leadership, middle management, others). Consequently, regarding the indicators included in this section, only the information related to the companies with employees is reported.

## APPENDIX I: Table of contents of Law 11/2018 and GRI standards

<b>TABLE OF CONTENTS REQUIRED BY LAW 11/2018</b>			
<b>Information required</b>	<b>Materiality</b>	<b>Page of the report</b>	<b>GRI reported</b>
<b>GENERAL INFORMATION</b>			
Brief description of the group's business model, its business environment, its organisation, and structure	Material	6, 7	GRI 2- 6 GRI 2- 9
Markets where it operates	Material	6	GRI 2- 1 GRI 2- 6
Objectives and strategies of the organisation	Material	10-11;17	GRI 2- 1 GRI 2- 22
Main factors and trends, which may affect its future development	Material	11-15	GRI 3-3
Reporting framework used	Material	66-69	GRI 1
Materiality principle	Material	11-14	GRI 3- 1 GRI 3- 2
<b>ENVIRONMENTAL ISSUES</b>			
Policies applied by the group, including due diligence procedures applied to the identification, evaluation, prevention and mitigation of significant risks and impacts, as well as verification and control, and the measures that have been adopted	Material	24-29	GRI 3-3
<b>Detailed general information</b>			
Detailed information on current and expected impacts of the company's activities on the environment and, if applicable, on health and safety	Material	23	GRI 3-3
Environmental assessment or certification procedures	Material	24	GRI 3-3
Environmental risk prevention means	Material	See Notes to the Annual Accounts	GRI 3-3
Application of precautionary principle	Material	See Notes to the Annual Accounts	GRI 2- 23
Quantity of environmental risk provisions and guarantees	Material	See Notes to the Annual Accounts	GRI 3-3 GRI 2- 27
<b>Pollution</b>			
Measures to prevent, reduce or repair emissions seriously affecting the environment, taking into account any form of pollution specific to the activity, including noise and light pollution.	Material	26	GRI 3-3
<b>Circular economy and waste prevention and management</b>			
Measures to prevent, recycle, reuse, recover and eliminate waste	Material	27	GRI 306- 1 GRI 306- 3 GRI 306- 4 GRI 306- 5
Actions to combat food waste		Non-material	
<b>Sustainable use of resources</b>			
Water consumption and water supply within local limits	Material	26	GRI 303- 1 GRI 303- 5
Raw material consumption and measures adopted to improve material efficiency	Material	27	GRI 3-3 GRI 301- 1
Energy consumption - direct and indirect	Material	26-27	GRI 302- 1
Measures adopted to improve energy efficiency	Material	26	GRI 3-3
Use of renewable energy	Material	26	GRI 302- 1
<b>Climate change</b>			
Greenhouse gas emissions generated as a result of the company's activity, including use of goods and services it produces	Material	27	GRI 305- 1 GRI 305- 2
Measures taken to adapt to the consequences of climate change	Material	27	GRI 3-3

Medium and long-term voluntary reduction goals to reduce greenhouse gas emissions, and measures adopted for that purpose	Material	26-27	GRI 3-3
<b>Biodiversity protection</b>			
Measures taken to preserve or restore biodiversity	Material	29-30	GRI 3-3
Impacts made by activities or operations on protected areas	Material	29	GRI 3-3 GRI 304- 2
<b>EU Taxonomy</b>			
Regulation (EU) 2020/852 of the European Parliament	Material	70-77 (Appendix II and III)	Criterion of the company
Delegated Act of the EU Taxonomy (EU) 2021/2139 of the Commission			
<b>SOCIAL ISSUES AND MATTERS CONCERNING PERSONNEL</b>			
<b>Management approach:</b> description and results of the policies related to these issues, as well as the main risks related to these issues connected with the group's activity	Material	31-47	GRI 3-3
<b>Employment</b>			
Total number and distribution of employees by country, gender, age, and professional category	Material	31	GRI 405- 1
Total number and distribution of types of employment contracts and annual average of indefinite-term contracts, fixed-term contracts and part-time contracts by gender, age, and professional category	Material	31-43	GRI 2- 7
Number of dismissals by gender, age, and professional category	Material	41	GRI 401-1b)
Average remuneration and its development, according to gender, age, and professional category or similar	Material	38-40	GRI 405- 2
Pay gap, remuneration of equal work posts or of company average	Material	40	GRI 405- 2
Average remuneration of directors and managers, including variable remuneration, allowances, compensations, payments to long-term saving and retirement plans and any other payment, distributed by gender	Material	39	GRI 405- 2
Implementation of policies for disconnecting from work	Material	45	GRI 3-3
Number of employees with disability	Material	32	GRI 405- 1
<b>Work organisation</b>			
Organisation of working time	Material	32	GRI 3-3
Number of hours of absenteeism	Material	46	GRI 3-3
Measures designed to help conciliation between work and family life and encourage co-responsible use of the rights by both parents	Material	45-46	GRI 3-3
<b>Health and safety</b>			
Workplace health and safety conditions	Material	45-46	GRI 3-3 GRI 403- 1 GRI 403- 2 GRI 403- 3
Work accidents, in particular, its frequency and severity, as well as occupational diseases; itemised by gender	Material	46	GRI 403- 9 GRI 403- 10
<b>Social relations</b>			
Organization of social dialogue, including procedures of information, consultation, and negotiation with employees	Material	15-16	GRI 3-3 GRI 229
Percentage of employees covered by collective agreement, by country	Material	43	GRI 2- 30
Balance of collective agreements, particularly in the area of occupational health and safety	Material	43	GRI 403- 1 GRI 403- 4

## Training

Policies implemented in the area of training	Material	46-47	GRI 404- 2
Total number of hours of training by professional category	Material	47	GRI 404- 1

## Universal accessibility

Universal accessibility for persons with disabilities	Material	32	GRI 3-3
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## Equality

Measures adopted to promote equal treatment and equal opportunities for women and men	Material	43-44	GRI 3-3
Equality plans, measures taken to promote employment, protocols against sexual and gender harassment	Material	43-44	GRI 3-3
Policy against any type of discrimination and, if applicable, diversity management	Material	43-44	GRI 3-3 GRI 406- 1

## RESPECT FOR HUMAN RIGHTS

<b>Management approach:</b> description and results of the policies related to these issues, as well as the main risks related to these issues connected with the group's activity	Material	55-56	GRI 3-3
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## Application of due diligence procedures

Application of due diligence procedures in the areas of human rights and prevention of the risk of human rights violation and, if applicable, measures to mitigate, manage and repair possible infringements committed	Material	55-56	GRI 2- 23 GRI 2- 26
Complaints about cases of human rights violation	Material	56	GRI 3-3 GRI 406- 1
Measures implemented for the purpose of promotion and compliance with the provision of the ILO fundamental conventions related to the freedom of association and the right to collective bargaining, elimination of discrimination in employment and occupation, abolition of forced labour, and effective abolition of child labour	Material	55	GRI 3-3 GRI 407- 1 GRI 408- 1 GRI 409- 1

## FIGHT AGAINST CORRUPTION AND BRIBERY

<b>Management approach:</b> description and results of the policies related to these issues, as well as the main risks related to these issues connected with the group's activity	Material	51-53	GRI 3-3
Measures adopted to prevent corruption and bribery	Material	55	GRI 3-3 GRI 2- 23 GRI 2- 26 GRI 205- 2 GRI 205- 3
Measures designed to fight money laundering	Material	55	GRI 3-3 GRI 2- 23 GRI 2- 26 GRI 205- 2 GRI 205- 3
Contributions to foundations and non-for-profit entities	Material	51-52	GRI 201- 1 GRI 2- 28

## INFORMATION ON SOCIAL MATTERS

<b>Management approach:</b> description and results of the policies related to these issues, as well as the main risks related to these issues connected with the group's activity	Material	61-62	GRI 3-3
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## Company commitment to sustainable development

The impact of the company's activity on local employment and development	Material	22	GRI 3-3 GRI 203- 2 GRI 204- 1
The impact of the company's activity on local communities and areas	Material	20-23	GRI 3-3 GRI 413- 1 GRI 413- 2



Relations and modalities of dialogue with members of local communities	Material	15-16	GRI 2- 29
Association or patronage activities	Material	52	GRI 3-3 GRI 201- 1 GRI 228
<b>Subcontracting and suppliers</b>			
Including social, gender equality and environmental issues in the procurement policy	Material	49	GRI 3-3
Recognising own social and environmental responsibility in relations with suppliers and subcontractors	Material	49	GRI 2- 6 GRI 308- 1 GRI 414- 1
Supervision and audit systems and their results	Material	53	GRI 2- 6 GRI 308- 2 GRI 414- 2
<b>Consumers</b>			
Measures for the consumer health and safety	Material	48-49	GRI 3-3
Complaint systems, complaints received and resolved	Material	48	GRI 3-3 GRI 418- 1
<b>Tax information</b>			
Profit obtained country by country	Material	61	GRI 207- 4
Income tax paid	Material	61	GRI 207- 4
Public subsidies received	Material	61	GRI 201- 4

## APPENDIX II Sustainable finance taxonomy calculation methodology

### 7.1.1 Eligibility and alignment evaluation process

The activity carried out by the subsidiary companies of Audax Renovables has been evaluated in terms of eligibility and alignment with regard to the goals of climate change mitigation and adaptation the climate change.

#### Eligibility evaluation

The evaluation process begins with the identification of the activities of Audax Renovables considered as eligible according to the regulation. Eligible activities are those which potentially can contribute to one or several environmental goals of the European Union, indicated in Delegated Regulations 2021/2139 and 2023/2486.

Upon analysing the activities conducted by Audax Renovables and comparing them to the descriptions contained in different Delegated Regulations, in this case, to those included in Appendix I and II of Delegated Regulation 2021/2139, the list of eligible activities is as follows:

- Electricity generation through solar photovoltaic technology (Code 4.1)
- Electricity generation from wind energy (Code 4.3)

#### Alignment evaluation

For an activity to be considered as aligned, it should meet the technical criteria of substantial contribution to one of the environmental goals. Once the eligible activities are identified, the next step is to determine whether these activities meet the requirements of substantial contribution to the Climate Objectives:

- Climate change mitigation Objective.
- Adaptation to climate change Objective.

For this purpose and in view of the next steps of the evaluation and alignment process, Audax Renovables has developed a methodology of analysis of fulfilment of these requirements through a specific survey for each eligible activity. This has made it possible to approach the task in a uniform and homogeneous way. Each parent company of the business, at the level of energy generation facility, has evaluated the degree of compliance, documenting and supporting the conclusions with necessary proof. The result of this evaluation and the proofs which support it have been duly documented in the company's records.

In the cases of meeting the technical criteria of substantial contribution for each of the two Climate Objectives, the next step involves the assessment whether the activity in question meets the criteria of harmlessness to other environmental objectives. These criteria, established in Delegated Regulation 2021/2139, consider in general the compliance with the European regulations and standards related to various environmental aspects. Again, the evaluation of the criteria of harmlessness to other environmental objectives was carried out at the level of the parent company of the Group and the installations involved.

The last step of the process is to investigate whether there are sufficient social safeguards in the context of the activities being carried out. For this purpose, a similar approach has been used to the evaluation of harmlessness and based on the general analysis of the management policies, procedures and systems ensuring due diligence in the respect for human rights. In this case, the analysis has been common to all the companies of the Group, because all of them share the same management model.

Moreover, in order to ensure coherence between the evaluation of the criteria and actual performance disclosed, the results were contrasted with the data of the following indicators:

- GRI 2-27: Compliance with laws and regulations.
- GRI 205-3: Confirmed incidents of corruption and actions taken.
- GRI 406-1: Incidents of discrimination and corrective actions taken.
- GRI 418-1: Substantiated complaints concerning breaches of customer privacy and losses of customer data.
- GRI 417-3: Incidents of non-compliance concerning marketing communications (fines or sanctions).

No inconsistencies were found between the content of these indicators and the evaluation of the criteria of harmlessness or minimum social safeguards.

### **7.1.2 Calculation of the economic indicators**

#### **Calculation of the alignment percentage**

The starting point to calculate alignment is the eligibility calculation using the same denominator but considering in the numerator only the figures of income, investment, or expense, as appropriate, associated to the eligible activities which meet the alignment criteria established in accordance with the Delegated Regulations on Taxonomy.

Energy production using wind or photovoltaic technology is considered as eligible activity according to the provisions of Delegated Regulation 2021/2139. However, the activity of retail of electricity to end customers is not considered eligible.

#### **Calculation of the percentage of eligible or eligible and aligned Turnover**

Audax Renovables carries out the activity of electricity generation as well as retail to the end customer. The income calculated in the process of consolidation eliminates the effect of the intra-group transaction and, consequently, the possibility of double accounting.

Taking the above into account, and to ensure coherence between the reality represented by the income ratio and the investment and operating expenses ratios, the information presented in this paragraph has been processed in the following way:

- The percentage of eligible turnover is calculated according to article 8 paragraph 2 a) of Delegated Regulation 2020/852. This percentage corresponds to the part of net turnover derived from products or services, including intangible, associated to the business activities that are eligible or eligible and aligned with the Taxonomy.
- According to the taxonomy, the net turnover calculated previously (numerator) is divided by the net turnover (denominator), as defined in article 2 paragraph 5 of Directive 2013/34/EU.
- Therefore, to calculate the percentages of eligibility or eligibility and alignment corresponding to consolidated turnover of Audax Renovables:
- The numerator corresponds to the sum of turnover (accounts of the General Accounting Plan) of the activities of the companies/subgroups that are eligible or eligible and aligned.
- The denominator corresponds to the figure of total turnover of Audax Renovables. In this turnover ratio the company includes the entirety of its income associated with the core activity.

### Calculation of the percentage of eligible or eligible and aligned CapEx

The proportion of eligible CapEx, according to article 8 paragraph 2 b) of Regulation (EU) 2020/852 is calculated dividing the numerator by the denominator.

The denominator corresponds to the additions to tangible and intangible assets made during the year considered before applying depreciation, amortisation, and possible new valuations (including those resulting from revaluation and impairment) corresponding to the pertinent year, excluding changes in fair value. The denominator also includes the additions to tangible and intangible assets resulting from mergers and acquisitions. For non-financial companies applying the International Financial Reporting Standards (IFRS) adopted by Regulations (EC), the CapEx should cover the costs registered in accordance with:

- IAS 16 Property, plant and equipment, paragraph 73e) i) and iii).
- IAS 38 Intangible assets, paragraph 118e) i).
- IAS 40 Property investments, paragraph 79d) i) and ii) (for cost model).
- IFRS 16 Lease, paragraph 53h). A lease which does not involve registering a right-of-use asset is not accounted for as CapEx.

On the other hand, the numerator includes the part of the denominator, which is related to the investment in assets/processes associated with the activities that are eligible or eligible and aligned with the Taxonomy. It is related to the assets or processes associated with business activities, which are part of a plan to extend the activities that are eligible or eligible and aligned with the Taxonomy or to enable future alignment of eligible activities with the Taxonomy.

Therefore, to calculate the percentages of eligibility corresponding to Audax Renovables:

- The numerator includes only the aggregation of CapEx of the activities of the companies/subgroups considered as eligible or eligible and aligned.
- The denominator corresponds to the total CapEx of Audax Renovables.

### Calculation of the percentage of eligible or eligible and aligned OpEX

The proportion of eligible OpEX according to article 8 paragraph 2 b) of Delegated Regulation 2020/852 is calculated dividing the numerator by the denominator.

The denominator includes the non-capitalised direct cost related to:

- Research and development.
- Building renovation measures.
- Short-term lease.
- Maintenance and repair.
- Other direct costs related to the daily operations of property, plant and equipment by the company or outsourced to a third party, necessary to ensure the operation of these assets.

On the other hand, the numerator includes the part of the operating expenses included in the denominator, which:

- Is related to the assets or processes associated with eligible business activities, including training and other adaptation needs of the human resources, and non-capitalised direct costs representing research and development.
- Is related to the assets or processes associated with business activities, which are part of a plan to extend the activities that are eligible or eligible and aligned with the Taxonomy or to enable future alignment of eligible activities with the Taxonomy.
- Is related to the acquisition of the production derived from business activities adjusted to the Taxonomy and individual measures, which enable the objective activities to become low-carbon or involve reduction of greenhouse gas emissions.

Therefore, to calculate the percentages of eligibility corresponding to Audax Renovables:

- The numerator includes only the aggregation of OpEx of the activities of the companies/subgroups considered as eligible or eligible and aligned.
- The denominator corresponds to the total OpEX of Audax Renovables.

Lastly, the controls designed to ensure the uniformity of currencies, accounting principles and prevention of intercompany duplication of amounts or balances are carried out during the process of drawing up the audited consolidated financial statements of Audax Renovables.

The Company has defined two internal procedures (Procedure for the classification of sustainable activities in accordance with the EU Taxonomy Regulation and Procedure for the calculation of indicators (KPI) of sustainable activities in accordance with the EU Taxonomy Regulation). Both procedures have been approved by the competent Committee, and document the processes of eligibility, alignment and calculation of the indicators related to the Taxonomy.

Below we present the figures concerning turnover, CapEx and OpEx aligned to the Taxonomy:

**APPENDIX III: Taxonomy report tables (Turnover, CapEX and OpEX)**

1) Proportion of turnover derived from products and services associated to the activities aligned with the taxonomy for the year 2023.

Economic activity (1)	Code(s) (2)	Absolute turnover (3)	Percentage of turnover (4)	Substantial contribution criteria		DNSH criteria (Do not cause significant harm)						Minimum safeguards (17)	Proportion of turnover adjusted to the taxonomy year 2022	Proportion of turnover aligned with the taxonomy, year N-1 (19)	Category (Enabling activity) (20)	Category (Transition activity) (21)
				Climate change mitigation (5)	Adaptation to climate change (6)	Climate change mitigation (11)	Adaptation to climate change (12)	Sustainable use and protection of water and marine resources (13)	Transition towards circular economy (14)	Pollution prevention and control (15)	Protection and restoration of biodiversity and ecosystems (16)					
<b>A. ELIGIBLE ACTIVITIES</b>																
<b>A.1 Environmentally sustainable activities (Aligned with the taxonomy)</b>																
Electricity generation through solar photovoltaic technology	4.1	7,154,952.79	0.31%	100%	100%	Yes	Yes	N/A.	Yes	N/A.	Yes	Yes	0.00%	-	F	-
Electricity generation from wind energy	4.3	13,298,410.05	0.58%	100%	100%	Yes	Yes	N/A.	Yes	N/A.	Yes	Yes	0.00%	-	F	-
Turnover of sustainable eligible activities (adjusted to the Taxonomy) (A.1)		<b>20,453,362.84</b>	<b>0.89%</b>									0.00%	-	-	-	
<b>A.2 Activities that are eligible but not environmentally sustainable (non-aligned activities)</b>																
4.1. Electricity generation through solar photovoltaic technology (Year 2022)	4.1	-	0.00%									0.25%	-	F	-	
4.3. Electricity generation from wind energy (Year 2022)	4.3	-	0.00%									0.79%	-	F	-	
Turnover of sustainable eligible activities (adjusted to the Taxonomy) (A.1)	-	<b>0.00</b>	<b>0.00%</b>									1.04%	-	-	-	
<b>Total (A.1 + A.2)</b>	-	<b>20,453,362.84</b>	<b>0.89%</b>									<b>1.04%</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>A. NON-ELIGIBLE ACTIVITIES</b>																
Turnover of non-eligible activities (B)	-	2269730740.36	99.11%													
<b>Total (A + B)</b>	-	<b>2,290,184,103.20</b>	<b>100.00%</b>													

2) Proportion of CapEx derived from products and services associated to the activities aligned with the taxonomy for the year 2023.

Economic activity (1)	Code(s) (2)	Absolute CapEx (3)	Percentage of CapEx (4)	Substantial contribution criteria		DNSH criteria (Do not cause significant harm)						Minimum safeguards (17)	Proportion of CapEx adjusted to the taxonomy year 2022	Proportion of CapEx aligned with the taxonomy, year N-1 (19)	Category (Enabling activity) (20)	Category (Transition activity) (21)
				Climate change mitigation (5)	Adaptation to climate change (6)	Climate change mitigation (11)	Adaptation to climate change (12)	Sustainable use and protection of water and marine resources (13)	Transition towards circular economy (14)	Pollution prevention and control (15)	Protection and restoration of biodiversity and ecosystems (16)					
<b>A. ELIGIBLE ACTIVITIES</b>																
<b>A.1 Environmentally sustainable activities (Aligned with the taxonomy)</b>																
Electricity generation through solar photovoltaic technology	4.1	21,585,466.76	63.97%	100%	100%	Yes	Yes	N/A.	Yes	N/A.	Yes	Yes	0.00%	-	F	-
Electricity generation from wind energy	4.3	304,386.11	0.90%	100%	100%	Yes	Yes	N/A.	Yes	N/A.	Yes	Yes	0.00%	-	F	-
CapEx of sustainable eligible activities (adjusted to the Taxonomy) (A.1)	-	<b>21,889,852.87</b>	<b>64.87%</b>										0.00%	-	-	-
<b>A.2 Activities that are eligible but not environmentally sustainable (non-aligned activities)</b>																
4.1. Electricity generation through solar photovoltaic technology (Year 2022)	4.1	-	-										69.00%	-	F	-
4.3. Electricity generation from wind energy (Year 2022)	4.3	-	-										0.00%	-	F	-
CapEx of sustainable eligible activities (adjusted to the Taxonomy) (A.1)	-	-	-										69.00%	-	-	-
<b>Total (A.1 + A.2)</b>	-	<b>21,889,852.87</b>	<b>64.87%</b>										69.00%	-	-	-
<b>A. NON-ELIGIBLE ACTIVITIES</b>																
CapEx of non-eligible activities (B)	-	11,854,001.82	35.13%													
<b>Total (A + B)</b>	-	<b>33,743,854.69</b>	<b>100.00%</b>													

Proportion of OpEx derived from products and services associated to the activities aligned with the taxonomy for the year 2023.

Economic activity (1)	Code(s) (2)	Absolute OpEx (3)	Percentage of OpEx (4)	Substantial contribution criteria		DNSH criteria (Do not cause significant harm)							Minimum safeguards (17)	Proportion of OpEx adjusted to the taxonomy year 2022	Proportion of OpEx aligned with the taxonomy, year N-1 (19)	Category (Enabling activity) (20)	Category (Transition activity) (21)
				Climate change mitigation (5)	Adaptation to climate change (6)	Climate change mitigation (11)	Adaptation to climate change (12)	Sustainable use and protection of water and marine	Transition towards circular economy (14)	Pollution prevention and control (15)	Protection and restoration of biodiversity and ecosystems (16)						
<b>A. ELIGIBLE ACTIVITIES</b>																	
<b>A.1 Environmentally sustainable activities (Aligned with the taxonomy)</b>																	
Electricity generation through solar photovoltaic technology	4.1	1,074,769.62	0.78%	100%	100%	Yes	Yes	N/A.	Yes	N/A.	Yes	Yes	0.00%	-	F	-	
Electricity generation from wind energy	4.3	0.00	0.00%	100%	100%	Yes	Yes	N/A.	Yes	N/A.	Yes	Yes	0.00%	-	F	-	
OpEX of sustainable eligible activities (adjusted to the Taxonomy) (A.1)	-	<b>1,074,769.62</b>	<b>0.78%</b>										0.00%	-	-	-	
<b>A.2 Activities that are eligible but not environmentally sustainable (non-aligned activities)</b>																	
4.1. Electricity generation through solar photovoltaic technology (Year 2022)	4.1	-	-										0.34%	-	F	-	
4.3. Electricity generation from wind energy (Year 2022)	4.3	-	-										5.02%	-	F	-	
OpEX of sustainable eligible activities (adjusted to the Taxonomy) (A.1)	-	-	-										5.36%	-	-	-	
<b>Total (A.1 + A.2)</b>	-	<b>1,074,769.62</b>	<b>0.78%</b>										<b>5.36%</b>	-	-	-	
<b>A. NON-ELIGIBLE ACTIVITIES</b>																	
OpEX of non-eligible activities (B)	-	135,918,095.88	99.22%														
<b>Total (A + B)</b>	-	<b>136,992,865.50</b>	<b>100.00%</b>														



**13. Corporate Governance Annual Report**

The Annual Report on Corporate Governance shall be presented on the CNMV website.

**14. Annual Report on the Remuneration of Directors**

The Annual Report on Remuneration of Directors shall be presented on the CNMV website.

**AUDAX RENOVABLES, S.A.**



The Annual Financial Report of Audax Renovables, S.A. and Subsidiaries for the year 2023 comprising:

- Consolidated annual accounts - Consolidated balance sheet, Consolidated income statement, Consolidated statement of comprehensive income, Consolidated statement of changes in net equity, Consolidated statement of cash flows and Consolidated notes to the annual accounts
- Consolidated Directors' Report (which includes the Non-financial information statement)

Prepared according to the European Single Electronic Reporting Format in compliance with Commission Delegated Regulation (EU) No 2019/815, under identification number EF66BBAEE99AC7ABB7858B12E770611210C88E0627494558C0AB7613CD495C9E, was drawn up by the Board of Directors of Audax Renovables, S.A. at its meeting on 27 February 2023. Approved and signed below by all the Directors, in compliance with article 253 of the Spanish Companies Act.

BOARD OF DIRECTORS

Mr Francisco José Elías Navarro  
Chairman

Mr Josep María Echarri i Torres  
Member

Mr Ramiro Martínez-Pardo del Valle  
Member

Ms Anabel López Porta  
Member

Ms Rosa González Sans  
Member