



## **TO BME GROWTH**

Barcelona, 20 October 2022

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

### **OTHER RELEVANT INFORMATION**

We are publishing today key performance indicators and a general update on our business in Q3 2022.

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

**Philippe Protto**

Chief Financial Officer  
HOLALUZ-CLIDOM, S.A

# Quarterly Update

Q3 2022

## Letter from our CEO

We started up our company pursuing the transcendent purpose of achieving a 100% green planet by delivering renewable and cheap electricity to families in Spain. We are doing it thanks to the heavy use of technology and data, always putting our **customers** at the very **core** of all our decisions so we can build with them a **strong** and **long lasting** relationship based on **trust**.

The energy system as we know it, has **collapsed**. Fossil fuels are responsible for the Climate disaster we are facing, gas prices are skyrocketing --even faster due to the war in Ukraine-- and this **shock** in the energy system is already causing a financial and economical crisis worldwide.

But we do have a structural solution for the whole energy system: **The Rooftop Revolution**. By turning every **single** m2 of rooftop into green electricity, by turning every **single** building into a new power plant for everybody --not just for the family living underneath it-- we will be able to deliver green energy to all at **one tenth the price** it has now and for the next 40 years. Besides, this encourages families to further electrify their homes and save even more and it also allows reducing energy dependency from Russian gas.

This has been an extremely busy and exciting quarter at Holaluz. Our team performed extraordinarily and achieved this big milestones:

1. We are now at a **run rate** of 1.250 new prosumers per month.
2. With our **unique product Holaluz Wireless** launched in July, our customers are saving up to 100% of their electricity bills --or even making money out of their installation: They are producing in their summer homes and using this electricity in their city apartments, opening a blue ocean for us.
3. Operational excellence in our **digital sales** process has driven us to readiness for scale.

4. Our strategy of getting **vertically integrated** into our own **installation** team is also paying off and ready to scale. With +100 installers in our payroll and lead times within 45 days, our customers can sign today and start saving from the very next invoice on. Customer satisfaction has risen to 9/10.
5. **Direct sourcing** of spare parts from Tier 1 manufacturers that are fully aligned and compliant with our **ESG** criteria, has increased our resilience to stock failures and improved our one-off gross margin for solar installations.
6. We have further developed our energy management platform to capture additional gross margin coming from our prosumers and therefore we have created a **new recurrent gross margin stream**, turning into life our **distributed generation** business.
7. We are decommissioning our gas business. because we have a structural solution through scaling up The RooftopRevolution and because it is better for our customers to take advantage of the heavily subsidised gas tariff during this coming winter.
8. We joined the **United Nations Global Compact** as part of our commitment to the **Sustainable Development Goals**, while **Sustainalytics** - the world's leading ESG and corporate governance research and ratings agency - ranked it as the company with the **top ESG Risk rating in the industry (Utilities) and region (EMEA) categories**.
9. Furthermore, we joined the **Business Ambition for 1.5°C initiative** of the United Nations and we are already working on the **Net Zero Targets** aligned with the Paris Agreement according to the Science Based Target Initiative (SBTI), with the aim of achieving climate neutrality before the commitments set by the European Union.

We are now ready to scale our structural solution: 1/10 the electricity price. For 40 years. For everybody. **It is time to climb The Rooftops!**

**Carlota Pi Amorós**, CEO of Holaluz

## Solar sales are taking off

In the solar installation business, sales saw a further acceleration in the third quarter reaching 1,180 installations, as compared to 814 in the second quarter and 450 in the first quarter, despite August being a seasonally slow month. This growth was supported by the launch of our national TV and radio advertising campaign in July, where we produced the song *"Bajo la Luz Perfecta"* in cooperation with Varry Brava, Soleá Morente and Samuel Nagati. This campaign generated visibility and positioned Holaluz as a Solar First company. It had a positive impact on all metrics we track, such as awareness, brand searches, information requests as well as incoming calls. According to Youtube it has been the most powerful campaign in Europe up to date.

Solar installations	Q1 2022	Q2 2022	Q3 2022
Sales	450	814	1,180
Prosumers	7,023	7,737	9,176

Overall, the focus on enabling the Rooftop Revolution continued. The number of employees in the solar division increased to 336 by the end of September (YE 2021: 72), driven both by additions to the sales as well as the installation teams. As a result, we have been able to significantly increase the share of installations executed by our internal teams. Our sales to installation time remains industry leading at around 45 days. As a result, we enter the last quarter of the year with a significantly higher capacity to install and we are confident of our ability for further scaling our installation operations.

This capacity has not been fully reflected during the summer quarter with installations reaching 839 in Q3. The modest increase in the number of total installations throughout the year so far, however, is also due to the fact that in the first several months of 2022, we cleared the order backlog of 2021, while the last several months reflect the shorter installation times.

We also showed continued innovation with the launch of our wireless solution which adds an attractive and competitive product to our range, allowing owners of secondary residences with solar installations to achieve significant savings on the electricity bill of their primary residence.

We are currently at run-rate level of sales of 6,000 installations per annum for own installations and 9,000 installations per annum for third party installations (installations on which Holaluz undertakes the energy management), bringing the total run rate in additional prosumers to 15,000.

### Energy Management KPIs remain at very high levels

Energy Managed (GWh)	Q1 2022	Q2 2022	Q3 2022
Energy Sold to Customers	308.2	254.0	260.7
Energy purchased through centralised PPAs	163.0	248.9	250.3
Energy purchased through distributed generation	1.5	4.0	4.3
Energy represented	606	684	681

  

Number of contracts (at end of period)	Q1 2022	Q2 2022	Q3 2022
Electricity & gas (incl. maintenance)	379,477	367,303	361,149
Prosumers	7,023	7,737	9,176
<b>Total</b>	<b>386,500</b>	<b>375,040</b>	<b>370,325</b>

Note: figures still include c70,000 contracts for supply of gas, which will be impacted by our decision to close this business line (see further details below)

Energy purchased through distributed generation increased to 4.3 GWh in the third quarter of the year from 1.5 GWh in the first quarter and 4.0 GWh in the second quarter driven by both the increase in the number of prosumers and the increased number of sun hours in spring and the summer.

Energy sold to customers remained stable (once taking into account seasonal variations), in line with the fact that the number of contracts remained stable in line with our decision not to invest in growing the electricity and gas retail portfolio due to market conditions and to deploy a strategy to keep a similar figure in total contracts, replacing churners with organic growth.

During Q3 we welcomed the centralised green energy production from 4 further parks by Enerparc in the Balearics as well as one new agreement in mainland Spain, bringing the total number of agreements up to 46 at the end of September.

## Strong increase in revenues

Revenues (€m)	Q3 2021	Q2 2022	Q3 2022	% change y-o-y	% change q-o-q
Energy management	148.4	256.3	221.8	+49%	-14%
Solar installation	2.5	5.9	7.5	+200%	+27%
<b>Total</b>	150.9	262.2	229.3	+52%	-13%

Note: figures unaudited. Energy Management is the sum of the previously separately reported business lines of Supply and Representation. Representation revenues amounted to €72.4m in Q3 2021, €122.8m in Q2 2022 and 94.3m in Q3 2022.

Total revenues increased significantly year-over-year, by 52%, to €229.3m. The highest growth rate was shown in the Solar Installation business, where revenues tripled year-on-year, reflecting our strategy of focusing on the Rooftop Revolution. The Solar business even grew on a quarter-over-quarter basis, despite Q3 including the seasonally weak month of August. Energy Management saw significant growth year-over-year, but a decline quarter-over-quarter, which is due to seasonality on the one hand as well as to some extent to lower energy prices.

## Decommissioning of the gas marketing business announced in October

On October the 3rd 2022, we announced the decommissioning of our gas commercialisation business, for 3 reasons:

1. With the Rooftop Revolution, Holaluz has a structural solution by turning rooftops into green electricity, green power plants for everyone.
2. The current energy system is under significant stress, generating substantial financial and economic tensions. Gas bills this coming winter will likely pose a significant challenge to households' finances.
3. The Spanish Government offers a gas tariff that is heavily subsidised. Every residential gas customer in Spain qualifies for this subsidised tariff. At current market prices, a regular family of 4 members in a 80m2 flat with heating system will be receiving gas invoices of 600 euros per month while if this family were to be at the subsidised tariff they will pay only 150 euros. Besides, the Spanish Government has approved as of October 18th the extension of this subsidy until December 31rd 2023. As well it has launched other new gas subsidies.

The gas decommissioning brings Holaluz closer to its founding purpose. It puts the customer at the heart of its decisions. It also accelerates its impact objectives set in its ESG strategy as the cessation of gas commercialization will lead to a significant reduction of its carbon footprint. The impact is estimated to be -€3.9m on EBITDA for 2022 and -€6m on EBITDA for 2023 when compared to the targets provided earlier this year, a gain of c.€3.2m from the sale of excess gas inventories (assuming prices as of October the 3rd) as well as a write-off of capitalised customer acquisition costs relating to the gas business of €4.5-5m. It will also have a positive impact on working capital.

## Financing

The net debt and adjusted<sup>1</sup> net debt positions at 30 September stood at €49.1 million and €41.6 million respectively, a reduction of €12.1 million versus the level of net debt at 30 June 2022. The decrease in net debt was driven by strong cash flows from operations which came despite increased working capital requirements.

<sup>1</sup> Adjusted Net Debt deducts the value of the Rooftop Loans. These are the loans for photovoltaic installations granted to customers which were undertaken as a proof of concept for raising an SPV. Holaluz does not at present intend to provide such additional loans without raising an SPV and we have deducted these from net debt as we do not consider that these should form part of our balance sheet on an ongoing basis and would expect these loans to be transferred to an SPV when one is raised.



Also, in order to diversify its sources of financing, Holaluz is in the process of finalising the launch of a short term bond program ("programa de pagares") with MARF.

## **Solar has started to accelerate and will continue to do so**

Our focus on the Rooftop Revolution and Solar First approach is starting to pay off. We have seen an acceleration in sales, thanks to the July campaign "*Bajo la Luz Perfecta*", while scaling our current sales strategy to capture both new installations and third party solar management contracts. In addition, we have ramped up our operations in order to be able to execute a significantly higher number of installations going forward. Our run rate in sales and installations is significantly higher at the end of Q3 than it was at the beginning and we are confident that this trajectory will stay on an upward slope.