

RESPONSIBILITY STATEMENT FOR THE ANNUAL FINANCIAL REPORT

AUDAX RENOVABLES, S.A. AND INVESTEE COMPANIES



Annual Accounts and Directors' Report as at 31 December 2022

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 2022 and drawn up on the meeting on 23 February 2023 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 Eduard Romeu Barceló
Member

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, 23 February 2023



Auditor's Report on Audax Renovables, S.A.

(Together with the annual accounts and directors' report of Audax Renovables, S.A. for the year ended 31 December 2022)

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



KPMG Auditores, S.L.
Torre Realia
Plaça d'Europa, 41-43
08908 L'Hospitalet de Llobregat
(Barcelona)

Independent Auditor's Report **on the 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 ANNUAL ACCOUNTS

Opinion

We have audited the annual accounts of Audax Renovables, S.A. (the "Company"), which comprise the balance sheet at 31 December 2022, and the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes.

In our opinion, the accompanying annual accounts give a true and fair view, in all material respects, of the equity and financial position of the Company at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with the applicable financial reporting framework (specified in note 2 to the annual accounts) and, in particular, with the accounting principles and criteria set forth therein.

Basis for Opinion

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 Annual Accounts* section of our report.

We are independent of the Company in accordance with the ethical requirements, including those regarding independence, that are relevant to our audit of the 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.



Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the annual accounts of the current period. These matters were addressed in the context of our audit of the 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 investments in and loans to Group companies and associates See note 7 to the annual accounts

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>At 31 December 2022 the Company has non-current investments in and loans to Group companies and associates amounting to Euros 617,172 thousand.</p> <p>The recoverable amount of investments in Group companies is calculated, in the case of companies showing indications of impairment, by applying valuation techniques which often require the exercising of judgement by the Directors and the use of assumptions and estimates.</p> <p>Due to the significance of the amount of investments in and loans to Group companies and associates, the aforementioned estimates have been considered a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none">- evaluating the design and implementation of key controls related to the valuation of investments in and loans to Group companies and associates.- evaluating the indications of impairment, as well as the methodology and assumptions used to estimate the recoverable amount of investees in which indications of impairment exist,- the involvement of our valuation specialists in the assessment of the reasonableness of the main assumptions used. <p>We also assessed whether the disclosures in the annual accounts meet the requirements of the financial reporting framework applicable to the Company.</p>

Recognition of revenue from unbilled energy supplied

See notes 9 and 18 to the annual accounts

Key audit matter	How the matter was addressed in our audit
<p>Recognition of revenue from energy trading is a significant area due to its amount and because it is susceptible to material misstatement, particularly at the reporting date as regards the appropriate timing of recognition based on the commercial terms agreed with customers.</p> <p>Trade and other receivables at 31 December 2022 include Euros 31,074 thousand in unbilled energy supplied in the period from the last meter reading to year end.</p> <p>Unbilled energy supplied is estimated based on internal and external information, on the basis of historical consumption of customers. Revenue is calculated by multiplying the volume of estimated unbilled use by the tariff agreed for each customer, a process that is subject to a high degree of judgement, as a result of which, this has been considered a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> - analysis of the design and implementation of the key controls related to the calculation of the unbilled energy supplied, - retrospective analysis of the estimates made at previous years' closes, - assessment of the reasonableness of the volume of unbilled energy through an analysis of historical information and other internal and data, - assessment of whether the timing of the recognition is correct based on a selection of transactions after the reporting date. <p>We also assessed whether the disclosures in the annual accounts meet the requirements of the financial reporting framework applicable to the Company.</p>

Other Information: Directors' Report

Other information solely comprises the 2022 directors' report, the preparation of which is the responsibility of the Company's Directors and which does not form an integral part of the annual accounts.

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

- Determine, solely, whether the 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 directors' report with the annual accounts, based on knowledge of the entity obtained during the audit of the aforementioned annual accounts. Also, assess and report on whether the content and presentation of this part of the 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 directors' report is consistent with that disclosed in the annual accounts for 2022, and that the content and presentation of the report are in accordance with applicable legislation.

Directors' and Audit Committee's Responsibility for the Annual Accounts_____

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

In preparing the annual accounts, the Directors are responsible for assessing the Company'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 Company or to cease operations, or have no realistic alternative but to do so.

The audit committee is responsible for overseeing the preparation and presentation of the annual accounts.

Auditor's Responsibilities for the Audit of the Annual Accounts_____

Our objectives are to obtain reasonable assurance about whether the 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 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 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 entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the 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 Company'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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the audit committee of Audax Renovables, S.A. 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 entity'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 entity, we determine those that were of most significance in the audit of the 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

European Single Electronic Format



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

We have examined the digital file of Audax Renovables, S.A. for 2022 in European Single Electronic Format (ESEF) comprising an XHTML file with the annual accounts for the aforementioned year, which will form part of the annual financial report.

The Directors of Audax Renovables, S.A. are responsible for the presentation of the 2022 annual financial report in accordance with the format 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 directors’ report.

Our responsibility consists of examining the digital file prepared by the Company’s Directors, 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 annual accounts included in the aforementioned digital file fully corresponds to the annual accounts we have audited, and whether the annual accounts have been formatted, in all material respects, in accordance with the requirements of the ESEF Regulation.

In our opinion, the digital file examined fully corresponds to the audited annual accounts, and these are presented, in all material respects, in accordance with the requirements of the ESEF Regulation.

Additional Report to the Audit Committee_____

The opinion expressed in this report is consistent with our additional report to the Company's audit committee dated 24 February 2023.



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

Contract Period

We were appointed as auditor by the shareholders at the ordinary general meeting on 16 June 2022 for a period of one year, from the year ended 31 December 2022.

Previously, we had been appointed for a period of one year, by consensus of the shareholders at their general meeting of 13 July 2021, 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 09/23/00219
issued by the Spanish
Institute of Registered
Auditors (ICJCE)*

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

AUDAX RENOVABLES, S.A.

Annual Accounts
as at 31 December 2022

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AUDAX RENOVABLES, S.A.

Balance Sheet (EUR thousands)

BALANCE SHEET - AUDAX RENOVABLES, S.A.							
ASSETS	Note	31/12/2022	31/12/2021 *	LIABILITIES AND NET EQUITY	Note	31/12/2022	31/12/2021 *
NON-CURRENT ASSETS		655,045	626,701	NET EQUITY	11	159,975	161,338
Intangible assets	5	5,724	2,182	Shareholders' Equity		166,058	167,765
Property, plant and equipment	6	5,008	1,259	Capital		44,029	44,029
Long-term investments in group companies and associates	7, 20	617,172	589,916	Share premium account		420,316	420,316
Equity instruments		361,680	351,040	Reserves		(296,580)	(287,086)
Loans to companies		255,492	238,876	Profit (loss) for the year		(1,707)	(9,494)
Long-term financial investments		15,395	21,719	Valuation adjustments		(6,083)	(6,427)
Equity instruments		1	1	Hedging transactions		(6,083)	(6,427)
Loans to third parties		-	6				
Debt securities		45	45				
Derivatives		752	292				
Other financial assets		14,597	21,375				
Deferred tax assets	17	11,746	11,625	NON-CURRENT LIABILITIES		519,339	505,927
				Long-term provisions	12	-	-
				Long-term debts	13	515,452	492,763
				Bonds and other negotiable securities		481,592	447,821
				Amounts owed to credit institutions		30,653	40,036
				Derivatives		3,207	4,906
				Other non-current liabilities	14	2,372	10,632
				Deferred tax liabilities	17	1,515	2,532
CURRENT ASSETS		235,946	392,523	CURRENT LIABILITIES		211,677	351,959
Inventory		6,691	4,777	Short-term provisions	12	1,549	49
Trade and other receivables	9	78,425	115,238	Short-term debts	13	117,433	232,111
Receivables from sales and services		41,735	76,878	Bonds and other negotiable securities		90,372	202,993
Trade receivables from group and associated companies	20	25,776	30,390	Amounts owed to credit institutions		16,999	16,231
Sundry receivables		50	483	Derivatives		10,062	12,887
Current tax assets		2,898	688	Short-term payables to group companies and associates	20	29,208	49,376
Other receivables from Public Administration		7,966	6,799	Trade and other payables	15	63,423	70,359
Short-term investments in group companies and associates	7, 20	15,790	29,872	Suppliers		17,477	21,241
Loans to companies		12,269	28,324	Suppliers, group companies	20	14,679	17,663
Other financial assets		3,521	1,548	Sundry payables		20,230	26,627
Short-term financial investments	8	87,613	89,125	Personnel (outstanding wages and salaries)		651	630
Equity instruments		629	2,774	Current tax liabilities		401	2,615
Loans to third parties		32,015	9,834	Other payables to Public Administration		9,985	1,583
Derivatives		4,405	8,932	Other current liabilities	14	64	64
Other financial assets		50,564	67,585				
Short-term accruals		2,452	4,319				
Cash and other cash equivalents	10	44,975	149,192				
TOTAL ASSETS		890,991	1,019,224	TOTAL LIABILITIES AND NET EQUITY		890,991	1,019,224

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

* Restated figures (Note 2)

AUDAX RENOVABLES, S.A.
Income Statement
(EUR thousands)

INCOME STATEMENT - AUDAX RENOVABLES, S.A.			
	Note	2022	2021*
Net turnover	18	902,927	620,724
Sales		881,997	609,560
Provision of services		10,883	7,113
Income on dividends		3,085	760
Impairment and profit (loss) on disposal of financial instruments		6,962	3,291
Change in inventory of finished goods and work in progress		1,914	3,904
Procurement	18	(875,246)	(596,746)
Consumption of goods		(864,288)	(590,005)
Work performed by other entities		(10,958)	(6,741)
Other operating income		8,391	5,980
Non-core and other current operating income		8,391	5,980
Staff costs	18	(10,642)	(10,107)
Wages and salaries and similar		(8,734)	(8,093)
Employer contributions		(1,883)	(2,002)
Other social expenses		(25)	(12)
Other operating expenses	18	(19,397)	(17,191)
External services		(12,530)	(11,327)
Taxes		(4,928)	(3,862)
Loss, impairment and change in provisions from business operations		(101)	(1,759)
Other current operating expenses		(1,838)	(243)
Amortisation and depreciation	5, 6	(1,271)	(654)
Surplus provisions		1,271	1,722
OPERATING PROFIT (LOSS)		7,947	7,632
Financial income	18	15,019	5,911
From negotiable securities, loans and other financial instruments		15,019	5,911
In group and associated companies	20	10,165	5,319
In third parties		4,854	592
Financial expenses	18	(28,964)	(26,874)
From liabilities to group companies and associates		(180)	-
From liabilities to third parties		(21,868)	(20,156)
Other financial expenses		(6,916)	(6,718)
Change in fair value of financial instruments		-	35
Trading book and others		-	35
Exchange differences	18	(409)	(51)
FINANCIAL PROFIT (LOSS)		(14,354)	(20,979)
INCOME BEFORE TAX		(6,407)	(13,347)
Corporate Income Tax		4,700	3,853
PROFIT (LOSS) FOR THE YEAR		(1,707)	(9,494)

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

* Restated figures (Note 2)

AUDAX RENOVABLES, S.A.
Statement of Changes in Net Equity
(EUR thousands)

A) STATEMENT OF RECOGNISED INCOME AND EXPENSES

	2022	2021*
Profit (Loss) of Income Statement	(1,707)	(9,494)
Cash flow hedges	459	(9,617)
Profit loss from valuation	(7,462)	13,689
Transfers to the Income Statement	7,921	(23,306)
Tax effect	(115)	2,404
Total valuation adjustments	344	(7,213)
TOTAL RECOGNISED INCOME AND EXPENSES	(1,363)	(16,707)

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

* Restated figures (Note 2)

AUDAX RENOVABLES, S.A.
Statement of Changes in Net Equity
(EUR thousands)

B) STATEMENT OF CHANGES IN TOTAL EQUITY

	Share capital	Share premium account	Reserves	Profit (loss) for the year	Valuation adjustments	TOTAL
CLOSING BALANCE FOR 2020	44,029	420,316	(295,997)	19,197	786	188,331
Total recognised income and expenses*	-	-	-	(9,494)	(7,213)	(16,707)
Other changes in net equity						
- Other movements (Note 13)	-	-	(286)	-	-	(286)
- Distribution of earnings	-	-	9,197	(9,197)	-	-
Dividend distribution (Note 11)	-	-	-	(10,000)	-	(10,000)
CLOSING BALANCE FOR 2021	44,029	420,316	(287,086)	(9,494)	(6,427)	161,338
Total recognised income and expenses	-	-	-	(1,707)	344	(1,363)
Other changes in net equity						
- Distribution of earnings	-	-	(9,494)	9,494	-	-
CLOSING BALANCE FOR 2022	44,029	420,316	(296,580)	(1,707)	(6,083)	159,975

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

* Restated figures (Note 2)

AUDAX RENOVABLES, S.A.

Cash Flow Statement (EUR thousands)

CASH FLOW STATEMENT - AUDAX RENOVABLES, S.A.			
	Notes	2022	2021 Restated*
Profit (loss) for the year before tax		(6,407)	(13,347)
Adjustments to results		8,992	14,537
Amortisation and depreciation	5, 6	1,271	654
Valuation adjustments due to impairment	7	101	1,759
Changes in provisions		(1,271)	(1,722)
Profit (loss) on derecognition and disposal of financial instruments		(6,962)	(3,291)
Financial income	18	(15,019)	(5,911)
Financial expenses	18	28,963	26,874
Exchange differences	18	409	51
Income on dividends		-	(760)
Changes in fair value of financial instruments		-	(3,117)
Other income and expenses		1,500	-
Changes in working capital:		27,262	(22,180)
Inventory		(1,914)	(3,904)
Accounts receivable	9	27,207	(50,125)
Other current assets		11,212	(21,261)
Accounts payable	15	(2,315)	49,833
Other current liabilities		(4,271)	3,277
Collections (payments) of income tax		(2,657)	-
Other cash flows from operating activities		(15,825)	(17,716)
Payments of interest		(16,954)	(18,121)
Collections of dividend		1,129	405
Cash flows from operating activities		14,022	(38,706)
CASH FLOWS FROM INVESTMENT ACTIVITIES			
Payments of investments		(277,817)	(111,382)
Group and associated companies	7	(261,656)	(39,961)
Acquisition of fixed assets	5, 6	(12,755)	(1,679)
Other financial assets	8	(3,406)	(69,742)
Collection on divestments		260,569	52,151
Group and associated companies		236,185	-
Derecognition of fixed assets	5, 6	4,193	-
Other financial assets	8	20,191	52,151
Cash flows from investment activities		(17,248)	(59,231)
CASH FLOWS FROM FINANCING ACTIVITIES			
Collections and payments for financial liability instruments:		(100,991)	2,539
Issuing:			
Bonds and other negotiable securities	13	274,418	376,768
Amounts owed to credit institutions	13	30,507	44,196
Payables to group companies and associates	7, 20	41,459	58,336
Return and repayment of::			
Bonds and other negotiable securities	13	(355,520)	(245,195)
Amounts owed to credit institutions	13	(39,121)	(43,878)
Payables to group companies and associates	7, 20	(52,734)	(168,182)
Other debts	8	-	(9,506)
Payment of dividends	11	-	(10,000)
Cash flows from financing activities		(100,991)	2,539
NET INCREASE/DECREASE IN CASH OR EQUIVALENTS		(104,217)	(95,398)
Cash and equivalents at the beginning of the year		149,192	244,590
Cash and equivalents at the end of the year		44,975	149,192

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

* Restated Figures (Note 2.3)

AUDAX RENOVABLES, S.A
Notes to the Annual Accounts for the year 2022
(EUR thousands)

1. General information

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

In the present year 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. is a mixed holding company which is the parent company of a Group of subsidiary companies, joint ventures and associated companies that are engaged in the activities involving generation of electricity from renewable sources and retailing of energy and natural gas, and constitute together 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 2021, formulated on 31 March 2022, 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 2021 were approved by the General Meeting of Shareholders on 16 June 2022 and were submitted to the Commercial Register in Barcelona.

The annual accounts of Audax Renovables, S.A. for the year 2022 were formulated by the Directors on 23 February 2023 and will be subject to approval at the General Meeting of Shareholders and are expected to be approved without modification.

2. Bases of presentation of the annual accounts

The Directors have formulated these annual accounts in compliance with the regulatory framework of financial information applicable to the Company, which is the one established in:

- a) The Commercial Code and other commercial legislation.
- b) The Spanish General Accounting Plan approved by the Royal Decree 1514/2007 with amendments introduced by the Royal Decree 1159/2010 of 17 September 2010.
- c) The mandatory standards approved by the Accounting and Auditing Institute while developing the Spanish General Accounting Plan as well as its complementary standards.
- d) The rest of the Spanish applicable accounting rules.

AUDAX RENOVABLES, S.A
Notes to the Annual Accounts for the year 2022
(EUR thousands)

Moreover, the changes implemented by the Royal Decree 1/2021 of 12 January 2021 are included with regard to the valuation criteria (fair value), the classification and measurement of financial instruments, hedge accounting and income recognition. These changes are included in the corresponding paragraph of Note 4.

These annual accounts have been obtained from the accounting records of the Company and are presented in accordance with the current applicable financial legislation and in particular, the accounting principles and criteria therein contained, such as to show a fair image of the equity, the financial situation and the results of the Company and the cash flows that have taken place during the year. These annual accounts, which have been formulated by the Company's Board of Directors, will be submitted to the approval of the Ordinary General Meeting of Shareholders, and are expected to be approved without any modification.

The figures in the balance sheet, income statement, statement of recognised income and expenses, statement of changes in net equity, the cash flow statement and in the notes to the annual accounts are stated in thousands euro, unless indicated otherwise.

The consolidated annual accounts of the Audax Renovables Group for the year 2022 have been prepared in accordance with the International Financial Reporting Standards adopted by the European Union (IFRS-EU), under Regulation (EC) No. 1606/2002 of the European Parliament and the Council.

The main figures shown in the audited consolidated annual accounts are as follows (in EUR thousands):

Total Assets	1,316,810
Equity attributed to the Parent Company	122,429
Non-controlling interests	13,344
Net turnover	2,625,893
Profit (loss) after tax attributable to the Parent Company	3,539

a) Comparison of the information

As required by the Spanish General Accounting Plan, the information contained in these annual accounts for the year 2022 is presented uniquely and exclusively for comparative purposes with the relevant information for the year 2021.

The 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 annual accounts present, for comparative purposes, under each heading of the balance sheet, the income statement, the statement of changes in net equity, the statement of cash flows, and of the notes to the annual accounts, together with the figures for the year 2022, the figures for the previous year, which were included in the annual accounts for the year 2021 and which differ from those approved by the General Meeting of Shareholders of 16 June 2022 for the reasons specified below.

On 15 September 2021 Royal Decree-Law 17/2021 was approved introducing urgent measures to mitigate the impact of the increase of the price of natural gas on the retail market of gas and electricity. Among other aspects, the Royal Decree provided that energy retailers should apply to the customers certain discounts related to the charges of the electric system, which were registered correctly by the Company, together with a reduction of the "Receivables from sales and services" and "Net turnover" accounts of the financial statements for 2021 by the amount of EUR 6,078 thousand.

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However, according to the Royal Decree mentioned above, the effect for the Company should be neutral, because the distribution companies were required to apply the same discounts to the amounts they charged the Company.

At the date of formulating the annual accounts for the year 2021 the Company did not identify any discounts applied to the amounts payable to the distribution companies since the implementation of Royal Decree 17/2021. Therefore the Company decided to record an account receivable from Public Administrations under "Other receivables from Public Administration" and an income under "Net turnover" in the total amount of EUR 6,078 thousand, considering that there was a receivable on the grounds of the discounts applied to the consumers.

Nevertheless, over the year 2022 it was discovered that the distribution companies actually did apply those discounts to their invoiced amounts, as a reduced expense in the amount of EUR 6,078 thousand under the "Procurement" account of the consolidated income statement of the consolidated annual accounts for the year 2021.

The Company proceeded to adjust the mistake in the comparative 2021 figures of these annual accounts, introducing the following entry, which includes the corresponding tax effect:

Account	EUR thousands	
	Debit	Credit
Net turnover	6,078	-
Other receivables from Public Administration	-	(6,078)
Deferred tax assets	1,519	-
Corporate income tax	-	(1,519)

In this situation, in accordance with the applicable accounting standards, the adjustments are applied retroactively, therefore the information on the year 2021 has been restated in the following amounts and entry:

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	EUR thousands		
	2021	Adjustments	2021 restated
BALANCE SHEET			
BALANCE SHEET			
<i>Profit (loss) for the year</i>	(4,936)	(4,558)	(9,494)
Total net equity	165,896	(4,558)	161,338
 <i>Deferred tax assets</i>	 10,106	 1,519	 11,625
Total Non-current assets	625,182	1,519	626,701
 <i>Other receivables from Public Administration</i>	 12,876	 (6,078)	 6,799
Total current assets	386,446	(6,078)	392,523
 Total Assets	 1,014,666	 (4,558)	 1,019,224
INCOME STATEMENT			
<i>Net turnover</i>	623,510	(6,078)	617,433
Operating profit (loss)	10,418	(6,078)	4,341
Income before tax	(7,270)	(6,078)	(13,347)
<i>Corporate Income Tax</i>	2,334	1,519	3,853
 Profit (loss) for the year	 (4,936)	 (4,558)	 (9,494)
CASH FLOW STATEMENT			
<i>Profit (loss) for the year before tax</i>	(7,270)	(6,078)	(13,347)
<i>Changes in working capital</i>	(28,257)	6,078	(22,180)
Cash flows from operating activities	(38,706)	-	(38,706)

Moreover, the Company proceeded to classify the amounts of "Impairment and profit (loss) on disposal of financial instruments" for the years 2022 and 2021 within the account of "Net turnover" of the income statement, according to the nature of its operations.

b) Critical aspects of the measurement and estimation of uncertainty

The preparation of the annual accounts requires the use of certain estimates and judgements. These estimates and judgements, by definition, will rarely coincide with real future data. We set out below the estimates and judgements where there is a significant risk that they will give rise to a material adjustment to the amounts of assets and liabilities recorded in the following financial year:

a. *Intangible and tangible assets*

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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.

b. Recoverability of equity instruments and receivables from Group companies

Equity instruments and receivables from Group companies are measured as a whole at cost less the accumulated amount of valuation adjustments due to impairment (carrying amount). The impairment is determined as the result of the comparison between the book value of the investment to its recoverable value understood as the greater of the fair value less the costs of sale and the present value of the cash flows that are expected to be received. The recoverable values have been calculated on the basis of the calculations of value in use from discounted cash flows based on the Company's assumptions. These calculations require the use of judgements, which, amongst others, mainly include the discount rate and sales prices of electricity (Note 7). In addition, the Company's activities are subject to existing regulation whose amendments may affect the valuation of the assets. Consequently, if the real data differs from the estimates and judgements used, the recoverable amounts resulting from the various CGUs may vary and, consequently, require a higher or lower impairment of assets. To be able to report how sensitive this calculation of impairment is, Note 7 sets out a sensitivity analysis for reasonable variations of key judgements which has been established by the Company's Management.

c. 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 balance sheet date. 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 balance sheet dates.

- 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 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 balance sheet.

d. 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.

e. Provisions

The Company 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.

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f. Corporate income tax

The Company evaluates the recoverability of the deferred tax assets based on estimates of future taxable income and the capacity 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.

g. 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.

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 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.

h. COVID-19

The expansion of COVID-19 posed important challenges to the businesses and introduced a high degree of uncertainty regarding economic activity and energy demand across the world, especially in the years 202 and 2021.

A framework of global recovery, which began to be noticeable in the second half of 2021, continued throughout the year 2022. However, there were still in operation certain effects, such as those originated by the measures imposed in China under their policy of "Zero COVID", which brought about perturbations in the supply chain of technological components to Europe, necessary, for example, to maintain the strong growth of investments in renewable energy.

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Moreover, during the year 2022 various countries were lifting gradually the mobility restrictions imposed in order to stop the expansion of the pandemic. Although the process contributed to revitalise business activity, it also produced new outbreaks of infections, such as those witnessed in China at the end of the year. This last factor has induced certain countries to think on imposing or to actually impose restrictions on the entry of persons travelling from that country. The increase of infections may negatively affect the economic growth of China and put again a strain on the global supply chains.

The Company monitors the impact of the health crisis caused by COVID in the short- and long-term economic cycle in order to minimise the risk that additional setbacks or abrupt recoveries of the current economic situation of the markets where it operates could have materially unfavourable effects on the business of the Group, its perspectives, financial situation and operating income.

In the process of making estimates and assumptions necessary to prepare the annual accounts such perspectives were taken into account and detailed in the corresponding notes.

i. Climate change and Paris Agreement

The Company maintains its strong commitment to the Sustainable Development Goals included in the 2030 Agenda, the Ten Principles of the United Nations Global Compact, the Paris Agreement, the European Green Deal and the National Integrated Energy and Climate Plan. As a proof of it, the Group is member of the Spanish Network of the United National Global Compact for Sustainable Development since 2013.

A sign of this commitment is that the main goal of the Strategic Plan 2021-2026 of the Audax Group is to increase the portfolio of renewable energy generation and provide the company with a pipeline of photovoltaic and wind energy projects. The achievement of such goal will require great investments in the development, construction, setup and maintenance of the photovoltaic and wind farms. These investments will contribute to the future goal of transformation of the energy mix featured in the National Integrated Energy and Climate Plan PNIEC.

During the year the Company reinforced the strategic direction of sustainability and, as a proof of it, the Board of Directors approved the sustainability strategy to provide the Group with an action framework in the area of ESG, which defines the material subjects for various initiatives and projects that should be carried out and are being developed since the moment they were approved. Among the projects there is the decarbonisation, the energy transition and the preservation of biodiversity, which contribute directly to fighting the climate change and attaining the objectives to reduce the increase of global temperature to below 2°C and achieve climate neutrality.

These annual accounts have been prepared considering the commitments of the Company in this respect, as well as the risks and uncertainties related to the climate change and the economy.

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 2022 in relation to the expected effects of the climate change and energy transition:

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

Net fixed assets of the Company as at 31 December 2022 amount to EUR 10,732 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.

2) 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 2022. The estimation of the recoverability of these assets has been made according to the same judgments and assumptions as those used for the calculation of the recoverable amount of non-financial assets.

3) 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 establish the new growth strategy of the EU, approved various regulations in this area. Spain likewise has issued various regulations on the matter, therefore the laws concerning climate change and energy transition are evolving constantly and may have unfavourable effect on the activities of the Company.

4) 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. However, it is difficult to make a declaration regarding the future ability to pay the dividends due to unknown risks and uncertainties, which might affect the income, the performance or real events so that they differ substantially from those featured in the forecasts made by the Group

j. War between Russia and Ukraine

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. 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.

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 Company 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 Company does not hold shares in companies operating in Russia or Belarus, nor has it made any investments in those countries. The Group does not have non-distributable 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 16.

Considering that it is a scenario, which undergoes constant changes and it is difficult to predict to what degree and how long the war will affect it, the Company 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

c) Relative importance

So as to determine the information that needs to be broken down in the notes for each of the different accounts of the financial statements or other items, the Company has considered its relative importance in relation to the current annual accounts for the year 2022.

3. Regulatory framework

New regulations in the energy sector

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.

The European legislation in the year 2022 focused primarily on adopting urgent measures concerning the increased energy prices, consequence mainly of the war in Ukraine, and on reducing its impact on the consumers. Therefore, in the months of March and May, in connection with the war in Ukraine, the European Commission published new Communications known as "REPowerEU Plan" featuring measures to mitigate the impact of the energy prices and eliminate the energy dependence from Russia, and which revises again a great part of the legislative initiatives included in the Fit for 55 package:

- a) Communication from the Commission COM/2022/108 of 8 March 2022 on the proposition of the REPowerEU Plan, which establishes actions for increasing the production of ecological energy, diversifying the supplies and reducing the demand, with special attention to Russian natural gas, following the Crisis of the war in Ukraine.
- b) Communication from the Commission COM/2022/230 of 18 May 2022 on REPower Plan, which recommends a set of measures in order to reduce the dependence on Russian fossil fuels by fast forwarding the energy transition towards clean energy in Europe.

The plan includes a series of measures grouped around three main functions: i) saving energy, ii) diversification of natural gas suppliers and iii) accelerated deployment of renewable energy in order to substitute the use of fossil fuels in the households, the industry and electricity production.

Moreover, with the aim of ensuring supplies of natural gas during winter affected by possible interruptions of supply from Russia, on 29 June Regulation (EU) 2022/1032 was published increasing the targets of underground storage of natural gas up to 80% by 1 November 2022 and establishing the target of 90% for the following years.

In August, Council Regulation (EU) 2022/1369 on coordinated demand-reduction measures for gas was approved, establishing a voluntary consumption reduction target of 15% (in Spain 7%) for the period of 1 August 2022 to 31 March 2023, though declaration of a Union alert may trigger a mandatory application of these measures.

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Continuing with the measures of energy saving, Regulation (EU) 2022/1854 was approved concerning an emergency intervention to address high energy prices, establishing voluntary electricity consumption reduction targets of 10% of total gross electricity consumption and mandatory of 5% during peak hours, setting the cap at €180/MWh for the inframarginal generation, allowing the Member States to reduce this maximum price. It also features solidarity fees for the fossil fuel sector, allowing also the Member States to adopt equivalent measures if published before 31 December 2022, this alternative being used by Spain through the emergency approval of a draft law establishing a temporary charge on the energy sector, as explained in the following paragraph.

Ultimately, on 19 December 2022 several Council Regulations were approved in extraordinary procedure and within the context of the energy price crisis and the war in Ukraine, featuring the following measures:

- Council Regulation (EU) 2022/2576 of 19 December 2022 enhancing solidarity through better coordination of gas purchase, reliable price benchmarks and exchanges of gas across borders: includes the rules of demand aggregation and joint purchasing on the markets, establishes the mechanisms for infrastructure de-congestion, creates a new European LNG indicator, adds new reporting obligations and establishes new cross-border solidarity measures for the case when the European Commission should declare a state of emergency due to severe gas shortage.
- Council Regulation (EU) 2022/2577 of 22 December 2022 laying down a framework to accelerate the deployment of renewable energy: features short-term measures directed to renewable energy facilities in all the Member States, entering into force on 23 December 2022 and being applicable from that date through the following 18 months.
- Council Regulation (EU) 2022/2578 of 22 December 2022 establishing a market correction mechanism to protect Union citizens and the economy against excessively high prices of gas and setting a dynamic cap to the price of futures on regulated markets; the Regulation will be applicable during one year beginning on 15 February 2023.

1) *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.

Moreover, on 13 May 2021 the Congress of Deputies approved the Law on Climate Change and Energy Transition (LCCYTE) whose object is to achieve climate neutrality by 2050 or, in any case, in the shortest possible term. It also establishes targets for 2030:

- Reduction of the emissions by 23% compared to 1990.
- 42% of renewable energy in the final energy consumption.
- Electricity system with 74% of production from renewable sources.
- Improved energy efficiency by 39.5% from the baseline.

The main regulatory amendments to the Spanish energy sector, published in the BOE throughout the year 2022, involve the following:

- Order TED/220/2022, of 16 March, establishing the obligations to contribute to the National Fund of Energy Efficiency in the year 2022.
- Royal Decree-Law 6/2022, of 29 March 2022, adopting urgent measures as part of the National Plan addressing the economic and social consequences of the war in Ukraine in order to mitigate the impact of the current situation, which includes, among others, the extension until June 2022 of the fiscal measures related to the 5% VAT rate on electricity, the temporary exemption from the Electricity Production Value Tax (IVPEE) of 7%), the reduced rate of 0.5% of the Excise Duty on Electricity (IEE), and the applicable electricity subsidy (Bono Social), the extension of the gas rate, and the modification of the RECORE system, as well as the simplification of the license granting process for renewable energy projects.
- Royal Decree-Law 10/2022, of 13 May 2022, establishing temporary mechanism of adjusting the production costs in order to reduce the price of electricity on the wholesale market. The law establishes a regulatory instrument, whose object is to reduce marginal pricing of electricity on the wholesale markets of the Iberian Peninsula and, ultimately, to stimulate the reduction of retail prices paid by all the end consumers of electricity. This measure implies that the natural gas, coal and cogeneration plants without regulated remuneration will receive a subsidy for the difference between the price of gas in MIBGAS and the reference price of €40/MWh during the

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first six months, which will be increased by €5/MWh up to €70/MWh (an average of €48.8/MWh). Moreover, the RDL includes the following three regulations: 1) a revision of the PVPC before 1 October 2022 incorporating a basket of term contracts (annual, quarterly and monthly) and of spot contracts (day and intraday), 2) a revision of the indexation of the economic system of renewables, cogeneration and waste in order to bring liquidity to the PVPC, and 3) with regard to the financing of the electricity subsidy (Bono social), a regulation is established to record within the maximum term of 6 months the cost of financing the entities which carry out regulated activities.

- Order PCM/466/2022, of 25 May 2022, publishing the Resolution of the Council of Ministers of 24 May 2022, which approves the plan of energy saving and efficiency measures to be taken by the General State Administration and the institutional public sector in line with the communications of the European Commission with regard to the REPowerEU Plan.
- Royal Decree-Law 11/2022, of 25 June 2022, which extends the suspension of the fiscal and social measures and gas reduction mechanism previously prolonged until June 2022 by Royal Decree 6/2022, until 31 December 2022 in order to address the economic and social consequences of the War in Ukraine, as well as in order to tackle social and economic vulnerability situations and support social and economic recovery of the island of La Palma, among other adopted measures.
- Royal Decree-Law 14/2022 of 1 August 2022, concerning economy sustainability measures in the area of transport, on scholarships and study aid, as well as energy saving and efficiency and the reduction of energy dependence on natural gas, is an amendment to RD 244/2019 of 5 April 2019, regulating the administrative, technical and economic terms of electricity self-consumption. The amendment establishes the retailer invoice components, including the period of permanence in the self-consumption modality and the definition and calculation of the component of the discount for delay in self-consumption activation and its inclusion in the invoice and a possible transfer of this cost from the distribution company to the retailer, among other stipulations.
- Resolution of 15 September 2022 of the National Commission of Markets and Competition, which amends the procedure of the operation 14.3 adjusting the calculation of the guarantees to use the measurement figures which are the most precise at any given time and avoid the simultaneous requirement of guarantees aimed at a similar calculation.
- Royal Decree-Law 17/2022 of 20 September 2022, adopting urgent measures in the energy sector, applying the remunerative system to the cogeneration plants and temporarily reducing the rate of the Added Value Tax applicable at 5% to the intra-community deliveries, imports and purchases of natural gas and other fuels, effective as of 1 October 2022 and applicable till 31 December 2022.

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- Royal Decree-Law 18/2022 of 18 October 2022, approving measures for the reinforcement of the energy consumer protection and contribution to the reduction of natural gas consumption in application of the "Plan + energy security (+SE)", as well as measures in the area of remunerations to the civil servants and employees in the public sector and for the protection of agriculture sector workers possibly affected by the drought. The same regulation adopts 18 out of 73 measures of the Plan +SE, particularly those aimed to mitigate the effects of the current energy crisis on businesses as well as on citizens in the short term, along with the measures focused on accelerating the energy transition. In order to accelerate the energy transition and boost the self-consumption, the regulation introduces changes to the access and connection for a speedy delivery of energy to the power grid, extends till 31 December 2023 the mechanism for the reduction the surplus of remuneration to the electricity market due to the increased price of natural gas on international markets, introduced the previous year under Royal Decree-Law 17/2021 of 14 September 2021. Moreover, it establishes a temporary measure of a more flexible approach to the electricity supply contracts (measure 49 of the Plan +SE), which allows, until 31 December 2023, that the electricity supply points of self-employed and businesses to request a change in the contracted power.
- Order TED/1232/2022, of 2 December, was published in the BOE, updating the remunerative parameters of the type plants, applicable to certain plants of electricity production from renewable energy sources, cogeneration and waste materials, to be applied in the year 2022.
- Royal Decree 20/2022 of 27 December 2022, on measures addressing the economic and social consequences of the War in Ukraine and support for the reconstruction of La Palma island and other instances of vulnerability, which extends until 31 December 2023 the measures involving the application of the tax rate of 0.5% of the IEE and IVPEE taxes.

4. Accounting and valuation standards

4.1 Intangible assets

Licences and trademarks

The licenses and trademarks which have a defined useful life are stated at cost less accumulated amortisation and impairment provisions recognised. The amortisation is calculated using the straight-line method in order to assign the cost of the trademarks and licenses during their estimated useful life (4 years).

Computer software

Licenses for computer software acquired from third parties or developed by the company itself are capitalised on the basis of the costs incurred to acquire and prepare them for a specific program use. These costs are amortised during its estimated useful life (between 3 and 4 years).

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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.

4.2 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.

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 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:

	Years of estimated useful life
Plant and machinery	10 – 25
Other plants, facilities and equipment	10
Other property, plant and equipment	10

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

4.3 Financial instruments

Financial assets

Classification

Financial assets owned by the Company are classified into the following categories:

a) Financial assets at amortised cost: includes financial assets, including those admitted to trading on a regulated market, for which the Company maintains the investment in order to receive the cash flows derived from the fulfilment of the contract, and the terms of the contract allow for the asset to create, on specific dates, cash flows which are exclusively collections of principal and interest on the outstanding principal.

In general, the following items are included in this category:

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- i. Trade receivables: originated from sales of goods or supply of services in business transactions with deferred payment, and
 - ii. Non-trade receivables: originated from the transactions of loans granted by the Company, where the amount receivable is or may be determined.
- b) Financial assets at fair value through net equity: included in this category are the financial assets whose contract terms create, on specific dates, cash flows which are exclusively collections of principal and interests on the outstanding principal, and are not held for trading, nor do they fall under the previous category. Moreover, this category includes also investments in equity instruments allocated irrevocably by the Company at the moment of their initial recognition, as long as they are not held for trading and should not be measured at cost.
- The nature of the financial assets classified into this category, if any, shall be explained together with the criteria applied in such allocation, as well as an explanation shall be provided of how the Company fulfilled the necessary criteria of such recognition.
- c) Financial assets at cost: this category comprises the following investments: a) equity instruments whose fair value cannot be reliably determined, and the derivatives where the underlying asset is the investment; b) hybrid financial assets whose fair value cannot be reliably established, except for when the requirements are met for their accounting at amortised cost; c) contributions made in joint accounts agreements and similar; e) equity loans with interest of a contingent nature; d) financial assets which should be classified in the following category, but their fair value cannot be reliably established.
- d) Financial assets at fair value through profit and loss: includes the financial assets held for trading and those financial assets which have not been classified into none of the previous categories. Moreover, this category comprises the financial assets allocated optionally by the Company at the moment of their initial recognition, which otherwise would be included in other category, because such allocation eliminates or reduces significantly certain valuation incoherence or accounting asymmetry which would otherwise arise.

Initial measurement

In general, the financial assets are initially measured at fair value of the consideration paid increased by the directly attributable transaction costs. However, the transaction costs directly attributable to the assets recorded at fair value through profit and loss shall be recognised in the profit and loss account for the year.

Subsequent measurement

The financial assets at amortised cost are measured applying this valuation criterion, with the accrued interest recorded in the profit and loss account applying the effective interest rate method. The financial assets included in the category of fair value through net equity are recorded at their fair value without deducting the transaction costs that may be incurred for the purpose of disposing of them. The changes in fair value are recorded directly in net equity until the financial asset is derecognised from the balance sheet or is impaired, at which moment the amount recognised in this way is allocated to the profit and loss account.

The financial assets at fair value through profit and loss are measured at their fair value and the result of the changes in their fair value is recorded in the profit and loss account.

The investments classified in the previous c) category are measured at cost less the accumulated amount of the value adjustments due to impairment, if applicable. These adjustments are calculated as the difference between book value and the recoverable amount, understood as the greater of fair value less cost of sale and present value of the future cash flows generated by the investment. Except when there is a better proof of the recoverable amount of the investments in equity instruments, the net equity of the investee entity is taken into account, adjusted by the unrealised gain existing at the date of the measurement net of tax effect.

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Impairment

At least at the closing date of the year the Company carries out an "impairment test" to the financial assets which are not recorded at fair value through profit and loss. It is considered that there is an objective evidence of impairment if the recoverable amount of the financial asset is lower than its book value. In any case, with regard to the equity instrument at fair value through net equity, it is presumed that there is an impairment if the decrease of its trading price persists for a year and a half or amounts to 40% without the recovery of its value. The impairment is recorded in the profit and loss account.

The Company derecognises financial assets at their expiration or assignment of the rights to the cash flows of the corresponding financial asset and when the risks and profits inherent to its ownership are transferred substantially, such as definitive sale of assets, trade receivables assignment in factoring where the entity does not retain any credit risk or interest risk or financial asset securitisation where the assigning entity does not retain subordinate financing or grants no kind of guarantee or assumes no other kind of risk.

On the contrary, the Company does not derecognise the financial assets and recognises a financial liability at the amount equal to the received consideration in the case of financial asset assignment when the risks and profits inherent to its ownership are substantially retained, such as discount securities, recourse factoring, sale of financial assets with repurchase at fixed price or at sale price with interest, and securitisation of financial assets where the assigning entity retains subordinate financing or other kind of guarantee which absorb substantially all the expected losses.

Financial liabilities

Financial liabilities assumed or incurred by the Company are classified into the following valuation categories:

- Financial liabilities at amortised cost: these are debits and payables of the Company, arising from the purchase of goods and services during business operations, or which, not resulting from business operations and not being derivative instruments, stem from transactions of loans obtained by the Company.

These liabilities are measured initially at fair value of the received consideration adjusted by the cost of the transaction attributable directly. Subsequently, these liabilities are measured at amortised cost.

- Financial liabilities at fair value through profit and loss.
The Company shall indicate, if applicable, the types of financial liabilities classified into this category (for example, derivatives which do not meet the requirements to be considered as hedge instruments).

Derivative liabilities are measured at fair value according to the same criteria as those applied to the financial assets at fair value through profit and loss described in the previous section.

The assets and liabilities are presented separately in the balance sheet and are disclosed only at their net value when the company has the enforceable right to compensate the recognised amounts and, moreover, intends to settle these amounts at net value or to realise the asset and write it off simultaneously.

The Company derecognises financial liabilities when the obligations from which they arise expire.

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i) Financial derivatives:

The Company uses financial derivative instruments for the purpose of hedging the risks to which its future cash flows are exposed. Basically these are the risks related to electricity price fluctuations.

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.

For the purpose of classifying these financial instruments as hedges, they are initially designated as such and the hedge relation is documented. Moreover, the Company verifies initially and periodically throughout the useful life (at least at each accounting closing date) whether the hedge relation is effective, i.e., whether it is prospectively likely that the changes in fair value or the cash flows from the hedged item (attributable to the covered risk) will be compensated with the changes in the hedging instrument.

The Company applies the following types of hedges, which are accounted for according to the description below:

- Fair value hedge: In this case, the changes in the value of the hedging instrument and the item hedged, attributable to the hedged risk, are recognised in the income statement.
- Cash flow hedges: In this kind of hedge the part of profit or loss of the hedging instrument determined as efficient hedge is recognised temporarily in net equity and allocated to the profit and loss account in the same period when the element hedged affects the profit or loss, except for when the hedge correspond to a transaction expected to result in the recognition of a non-financial asset or liability, in which case the amounts recorded in net equity will be included in the cost of the asset or liability when it is acquired or assumed.
- Hedges of net business investments abroad: this kind of hedging transactions are designed to cover the exchange rate risk in the investments in subsidiary and associated companies and are treated as fair value hedges because of the exchange rate component.

The hedge accounting is interrupted when the hedging instrument expires or is sold, terminated or executed, or it no longer meets the criteria of hedge accounting. At that moment any accumulated profit or loss corresponding to the hedging instrument recorded in net equity is maintained within the net equity until the expected transaction takes place. When the transaction subject to the hedge is not expected to take place, the net accumulated profit or loss recognised in net equity is transferred to net income statement for the period.

For the purpose of considering each hedging transaction to be effective, the Company documents that the economic relation between the hedging instrument and the hedged item is aligned with the risk management objectives.

The Company uses only cash flow hedge derivatives. For these derivatives, the effective part of changes in the fair value of the derivatives designated and qualifying as cash flow hedges is recognised in net equity.

The profit or loss related to the settlements of these contracts is recognised under the heading of Procurements of the 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.

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j) Deposits:

The deposits received as a consequence of lease agreements on letting the meters to the clients are measured according to the criteria applied to financial liabilities. The difference between the received amount and the fair value is recognised as advance collection allocated to the income statement during the lease period (during the period when the service is provided). The advance payments whose application is going to take place in a long term are subject to financial adjustments at the balance sheet date of every year, depending on the market interest rate at the moment of its initial recognition.

k) Derecognition and modification of financial liabilities:

The Company 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 Company 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.

l) 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 Company 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 Company cancels the liability and, at the difference against consideration paid, accounts for the result of the transaction as a financial profit or loss in the income statement. Likewise, the original net equity component is reclassified to the reserves account

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When the Company 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 profit or loss account, 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 income statement.

4.4 Fair value measurement

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.

The measurement at fair value of the financial assets and liabilities is classified according to a hierarchy which reflects the relevance of the variables used in order to carry out such measurement. This hierarchy is comprised of three levels:

- Level 1: Measurements based on the trading price of identical instruments on the active market.
- Level 2: Measurements based on the observable variables of an asset or liability.
- Level 3: Measurements based on variables which are not supported by observable market data.

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.

4.5 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost is determined by the weighted average cost.

The cost of inventories includes the cost of raw materials and all costs directly attributable to the purchase and/or manufacturing, including the costs incurred in bringing the inventories to their present location.

The Company's inventories correspond only to the minimum stock of gas necessary to carry out the retailing activity.

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

The Company classifies as financing the cash flows related to the interest collected and paid and as operating - the dividends collected.

4.7 Net equity

Share capital is represented by ordinary shares.

The costs of issuing new shares or options, net of tax, are presented directly against the net equity, as reduced reserves

In the event of acquiring treasury shares, the compensation paid, including any incremental cost attributable directly, is deducted from net equity until its settlement, new issuance or disposal. When subsequently these shares are sold or are issued again, any received amount, net of any incremental cost of the transaction attributable directly, is included in net equity.

The dividends on ordinary shares are recognised as a reduced value of equity when they are approved by the Company's shareholders.

4.8 Provisions and contingent liabilities

The Directors of the Company have established a difference in the 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 Company's will.

Provisions are recognised when the Company 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 in an onerous contract for valuable consideration exceed the profits expected to be obtained from them.

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.

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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.

4.9 Corporate income tax

The expense or income for income tax purposes is the amount which, for this item, accrued during the year and comprises both the expense or income for the current and deferred tax.

Both the current and deferred income tax expense or income is recorded in the income statement. However, the tax effects related to items that are recorded directly in net equity are recognised in net equity.

The current tax assets and liabilities will be stated at the amounts expected to be paid or refunded from the tax authorities, in accordance with current legislation and legislation pending enactment at the year end.

The deferred tax is calculated using the liability method on the basis of the temporary differences that arise between the tax bases of the assets and liabilities and their book value.

However, if the deferred tax arises from the initial recognition of an asset or liability in a transaction other than a business combination which at the time of the transaction does not affect either accounting profit or taxable income, it is not recognised. The deferred tax is determined by applying the legislation and tax rates in force or about to come into force on the balance sheet date and which is expected to be applied when the respective deferred tax asset is realised or the deferred tax liability is settled.

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.

4.10 Net turnover

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.

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.

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 Company's normal course of business, minus returns, price reductions, discounts and value added tax.

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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

Income on dividends

The Company records in the Net turnover the Income on dividends in accordance with the response from the Accounting and Auditing Institute published in the BOICAC 79 concerning the enquiry submitted in connection with the accounting classification of income and expenses of a holding company in its individual financial statements and regarding the net amount of turnover of the entity.

Other income

The income and expense from interest is accounted for applying the method of effective interest rate applicable to the outstanding principal during the corresponding accrual period.

4.11 Leases

Leases are classified as financial lease when from the terms of the contract it may be deduced that the risks and profits inherent to the ownership of the asset subject to the contract are substantially transferred to the lessee. Where this is not the case, they are classified as operating leases.

Finance lease

With regard to the financial leases in which the Company acts as lessee, the cost of the leased assets is presented in the balance sheet according to the nature of the subject of the contract and, simultaneously, a liability of the same amount. The amount is the lower of the fair value of the leased goods and the current value at the beginning of the contract of the established minimum amounts, including the purchase option, when there are no reasonable doubts regarding its subject. This calculation does not include contingent amounts, the cost of services and taxes charged by the lessor. The total financial charge of the contract is allocated to the profit and loss account for the year in which it is accrued, applying the method of effective interest rate. Contingent payments are recognised as expenses for the year in which they are incurred.

The assets recorded from this kind of transactions are depreciated according to the criteria similar to those applied to the whole of fixed assets, according to their nature.

As at 31 December 2022 the Company does not have financial lease contracts.

Operating lease

The expenses derived from operating lease contracts are charged to the profit and loss account in the year when they are accrued.

Any collection or payment made at contracting an operating lease is treated as advance collection or payment allocated to the income statement throughout the lease period, at the same time as profits from the leased asset are assigned or received.

4.12 Transactions in foreign currency

The Company's annual accounts are stated in euro, which is its functional and presentation currency. The payables and receivables in foreign currency are stated at the year-end exchange rate. 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 income statement.

4.13 Related party transactions

Related party transactions are carried out and recognised at fair value according to the criteria and methods established in section 6 of the current Conceptual Framework of the General Accounting Plan and the valuation standards set out before, except for the following transactions:

- Non-monetary contributions of a business to a group entity are measured at book value of the assets that comprise the contributed business.
- In transactions of merger, spin-off and non-monetary contribution of a business corresponding to a direct or indirect subsidiary, the acquired assets are measured at the amount attributed to them in the consolidated annual accounts upon completion of the transaction. If the transaction is carried out with other company from the group, which is not a direct or indirect subsidiary, the acquired assets are measured at accounting values existing before the transaction in the individual annual accounts. The differences that arise are recorded in reserves.

In transactions of merger and spin-off between companies from the group, the date of accounting effects is the initial date of the year in which the merger is approved, providing that it is later than the moment in which the companies are incorporated into the group.

4.14 Cash flow statement

The cash flow statement has been prepared using the indirect method, and using the following expressions as defined below:

- a) Operating activities: activities that make up the ordinary revenues of the Company, 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.

4.15 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 represents the transfer of goods or services to the customer for an amount which reflects the consideration that the Company expects to receive in exchange for those goods or services.

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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.

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 normal course of business of Audax Renovables, 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.

5. Intangible assets

The breakdown and movement in the accounts under "Intangible assets" are as follows:

	Computer software	Licences and trademarks	Other intangible assets	Total
Net book value at 31- 12- 2020	1,782	-	-	1,782
Additions	975	-	-	975
Depreciation charge	(575)	-	-	(575)
Net book value at 31- 12- 2021	2,182	-	-	2,182
Cost	5,794	56	-	5,850
Accumulated depreciation	(3,608)	(56)	-	(3,664)
Impairment provision	(4)	-	-	(4)
Net book value at 31- 12- 2021	2,182	-	-	2,182
Additions	2,769	-	1,927	4,696
Depreciation charge	(712)	-	(442)	(1,154)
Net book value at 31- 12- 2022	4,239	-	1,485	5,724
Cost	8,563	56	1,927	10,546
Accumulated depreciation	(4,320)	(56)	(442)	(4,818)
Impairment provision	(4)	-	-	(4)
Net book value at 31- 12- 2022	4,239	-	1,485	5,724

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The recognitions in the year 2022 and 2021 correspond mainly to the development and implementation of various platforms and operating software. The main goal is to adapt the systems at the group level to a better synergy. This process is carried out with the use of external as well as internal resources, and is recorded in the account of other operating income of the income statement of the Company.

As at 31 December 2022 the intangible assets, still in use and completely amortised or impaired amount to EUR 1,992 thousand (EUR 1,837 thousand in 2021).

6. Property, plant and equipment

The breakdown and movement in the accounts under “Property, plant and equipment” are as follows:

	Plant and machinery	Other plants, facilities and equipment	Information processing equipment and other fixed assets	Means of transport	Assets under construction	Total
Net book value at 31- 12- 2020	529	53	52	-	-	634
Additions	-	4	146	-	554	704
Depreciation charge	(28)	(12)	(39)	-	-	(79)
Net book value at 31- 12- 2021	501	45	159	-	554	1,259
Cost	576	197	751	20	554	2,098
Accumulated depreciation	(75)	(137)	(592)	(20)	-	(824)
Impairment provision	-	(15)	-	-	-	(15)
Net book value at 31- 12- 2021	501	45	159	-	554	1,259
Additions	88	111	62	-	7,798	8,059
Derecognitions	-	-	-	-	(4,193)	(4,193)
Depreciation charge	(35)	(22)	(60)	-	-	(117)
Net book value at 31- 12- 2022	554	134	161	-	4,159	5,008
Cost	664	308	813	20	4,159	5,964
Accumulated depreciation	(110)	(159)	(652)	(20)	-	(941)
Impairment provision	-	(15)	-	-	-	(15)
Net book value at 31- 12- 2022	554	134	161	-	4,159	5,008

The most significant recognitions in the year 2022 and 2021 are the recognitions in assets under construction corresponding to the development works of photovoltaic plants carried out by Audax Renovables, S.A., which subsequently are re-invoiced to the pertinent companies.

Moreover, during the year 2022 there have been recognitions in Technical facilities and equipment, related to the relocation of the Company's offices to Calle Electrónica 19 in Badalona. (Note 1)

As at 31 December 2022 and 2021 the tangible assets still in use and completely depreciated or impaired amount to EUR 189 thousand.

As at 31 December 2022, the Company does not have commitments to purchase fixed assets.

The Company has taken out a number of insurance policies to cover risks relating to Property, plant and equipment. The coverage provided by these policies, which is verified annually, is considered by the management of the Company to be sufficient.

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7. Shareholdings in group and multi-group companies and associates

Non-current investments in group and multi-group companies and associates

The variations throughout the year in the accounts under non-current investments in group companies and associates are as follows:

	Equity instruments in Group companies	Loans to Group entities	Equity instruments in associates and multi- group companies	Loans to multi- group companies and associates	Total
Net book value at 31- 12- 2020	292,386	89,634	7,916	11,470	401,406
Increases	40,615	147,189	3,301	229	191,334
Divestments/derecognitions	(1)	(6,115)	-	-	(6,116)
Transfers	3,267	(3,267)	-	-	-
Changes in provisions	3,556	(264)	-	-	3,292
Balance at 31- 12- 2021	339,823	227,177	11,217	11,699	589,916
Cost	388,782	230,719	11,217	11,699	642,417
Financial Instruments Provision	(48,959)	(3,542)	-	-	(52,501)
Net book value at 31- 12- 2021	339,823	227,177	11,217	11,699	589,916
Increases	2,374	34,688	-	91	37,153
Divestments/derecognitions	(7,644)	(9,146)	-	(67)	(16,857)
Transfers	9,309	(9,312)	-	3	-
Changes in provisions	6,601	359	-	-	6,960
Balance at 31- 12- 2022	350,463	243,766	11,217	11,726	617,172
Cost	392,821	246,949	11,217	11,726	662,713
Financial Instruments Provision	(42,358)	(3,183)	-	-	(45,541)
Net book value at 31- 12- 2022	350,463	243,766	11,217	11,726	617,172

The breakdown of shareholdings in Group companies specifying recorded impairment and accumulated provision as at 31 December 2022 and 31 December 2021 is as follows:

2022	Gross book value	Impairment provision for the year	Accumulated impairment provision	Net book value
Energy generation				
Operating plants in Spain	17,617	1,858	(12,580)	5,037
Plants under construction in Spain	95,136	-	-	95,136
Operating plants in France	3,498	-	-	3,498
Operating plants in Poland	41,153	4,743	(17,464)	23,689
Plants under construction in Poland	12,232	-	(12,232)	-
Plants under construction in Italy	7,997	-	-	7,997
Plants under construction in Portugal	21,123	-	-	21,123
Total generation activity	198,756	6,601	(42,276)	156,480
Energy retailing				
Audax Netherlands, B.V. (the Netherlands)	53,886	-	-	53,886
Eryx Investments, S.L.U. (Spain)	75,322	-	-	75,322
Fox Energia, S.A. (España)	10,400	-	-	10,400
Audax Energía, S.R.L. (Italy)	14,740	-	-	14,740
Audax Energia Sp. z o.o. (Poland)	22,661	-	-	22,661
Audax Renewables Kft. (Hungary)	13,934	-	-	13,934
Others	3,122	-	(82)	3,040
Total retailing activity	194,065	-	(82)	193,983
Total	392,821	6,601	(42,358)	350,463

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2021	Gross book value	Impairment provision for the year	Accumulated impairment provision	Net book value
Energy generation				
Operating plants in Spain	21,493	235	(14,438)	7,055
Plants under construction in Spain	96,793	-	-	96,793
Operating plants in France	3,498	-	-	3,498
Operating plants in Poland	41,153	3,321	(22,207)	18,946
Plants under construction in Poland	12,232	-	(12,232)	-
Plants under construction in Italy	7,997	-	-	7,997
Plants under construction in Portugal	21,123	-	-	21,123
Total generation activity	204,289	3,556	(48,877)	155,412
Energy retailing	-	-	-	-
Audax Netherlands, B.V. (the Netherlands)	53,886	-	-	53,886
Eryx Investments, S.L.U. (Spain)	75,322	-	-	75,322
Fox Energía, S.A. (España)	10,400	-	-	10,400
Audax Energía, S.R.L. (Italy)	14,740	-	-	14,740
Audax Energia Sp. z o.o. (Poland)	13,489	-	-	13,489
Audax Renewables Kft. (Hungary)	13,934	-	-	13,934
Others	2,722	-	(82)	2,640
Total retailing activity	184,493	-	(82)	184,411
Total	388,782	3,556	(48,959)	339,823

The breakdown of loans in Group companies specifying recorded impairment and accumulated provision as at 31 December 2022 and 31 December 2021 is as follows:

2022	Gross book value	Impairment provision for the year	Accumulated impairment provision	Net book value
Energy generation				
Operating plants in Spain	35,539	359	(1,041)	34,498
Plants under construction in Spain	28,847	-	(1)	28,846
Operating plants in France	483	-	-	483
Operating plants in Poland	-	-	-	-
Plants under construction in Poland	2,337	-	(2,141)	196
Plants under construction in Italy	986	-	-	986
Plants under construction in Portugal	2,745	-	-	2,745
Total generation activity	70,937	359	(3,183)	67,754
Energy retailing				
Unieléctrica Energía, S.A. (España)	-	-	-	-
Eryx Investments, S.L.U. (Spain)	49,826	-	-	49,826
Audax Energía, S.R.L. (Italy)	36,833	-	-	36,833
Audax Renewables Kft. (Hungary)	30,165	-	-	30,165
Audax Energia Sp. z o.o. (Poland)	2,074	-	-	2,074
Audax Energie GmbH	21,284	-	-	21,284
Others	603	-	-	603
Total retailing activity	140,785	-	-	140,785
Holding	-	-	-	-
Eléctrica Nuriel, S.L.U.	35,227	-	-	35,227
Total Holding activity	35,227	-	-	35,227
Total	246,949	359	(3,183)	243,766

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2021	Gross book value	Impairment provision for the year	Accumulated impairment provision	Net book value
Energy generation				
Operating plants in Spain	27,230	(264)	(1,401)	25,829
Plants under construction in Spain	42,074	-	-	42,074
Operating plants in France	1,550	-	-	1,550
Operating plants in Poland	-	-	-	-
Plants under construction in Poland	2,285	-	(2,141)	144
Plants under construction in Italy	449	-	-	449
Plants under construction in Portugal	1,861	-	-	1,861
Total generation activity	75,449	(264)	(3,542)	71,907
Energy retailing				
Unieléctrica Energía, S.A. (España)	23,715	-	-	23,715
Eryx Investments, S.L.U. (Spain)	12,901	-	-	12,901
Audax Energía, S.R.L. (Italy)	31,888	-	-	31,888
Audax Renewables Kft. (Hungary)	29,115	-	-	29,115
Audax Energia Sp. z o.o. (Poland)	7,444	-	-	7,444
Others	11,618	-	-	11,618
Total retailing activity	116,681	-	-	116,681
Holding				
Eléctrica Nuriel, S.L.U.	38,589	-	-	38,589
Total Holding activity	38,589	-	-	38,589
Total	230,719	(264)	(3,542)	227,177

a) Equity instruments in Group and multi-group companies and associates

The Appendix II includes detailed information on equity instruments as at 31 December 2022 and 31 December 2021.

Changes in 2022

Sale of shares

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 Energia 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 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.

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

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 Company concerning the shares held by IKAV. In this context, the Management of the Company carried out an analysis of the accounting impact connected to said purchase option and, based on the terms of the agreement, considered that the purchase option is a financial derivative whose change of value is not significant for the period in question.

Purchase of photovoltaic projects

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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 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.

Other transactions

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 involves development, construction and operation of various photovoltaic projects.

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.

Changes in the year 2021

Purchase of photovoltaic projects

On 18 January 2021 Audax Renovables acquired 100% of shares of the companies Centauro Energía Solar, S.L., Tohora Solar inversiones, S.L. and Tarakona Solar inversiones, S.L. for the total amount of EUR 2,421 thousand from third companies Idena Solar, S.L. and Energy Pool España, S.L. The main object of the acquired companies involves development, construction and operation of various photovoltaic power generation projects.

On 28 May 2021 Audax Renovables, S.A. entered into an agreement with the company Rocío Servicios Fotovoltaicos S.L.U. (formerly Audax Fotovoltaica, S.L.U.) and Audax Green S.L.U. (companies belonging to the Excelsior Group) for the purchase of shares of the following companies:

- 50% of shares of the companies Audax Solar SPV XXVII, S.L., Audax Solar SPV XXVIII, S.L., Audax Solar SPV XXIX, S.L., Audax Solar SPV XXX, S.L., Audax Solar SPV XXXI, S.L. for the amount of EUR 3,424 thousand.
- 60% of shares of the company Audax Solar SPV XV, S.L. and 100% of shares of the companies Audax Solar SPV XXIV, S.L.U. and Audax Solar SPV XXV, S.L.U. for the total amount of EUR 8,457 thousand.

As a consequence of the acquisition of 60% of shares of Audax Solar SPV XV, S.L. Audax Renovables, S.A. became also a shareholder of 60% of the companies Merfonda Solar, S.L. and Sardà Solar, S.L., in which Audax Solar SPV XV, S.L. holds 100% of shares.

- 95% of shares of the company Green Show, L.D.A. and 100% of shares of the company Clever Road, L.D.A. (companies domiciled in Portugal) for the amount of EUR 4,791 thousand and EUR 17,989 thousand respectively.

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As a consequence of the acquisition of shares in Green Show, L.D.A., Audax Renovables, S.A. became also an indirect shareholder of 100% of shares in the Portuguese companies ADX Fotovoltaico - Solar Da Luz, L.D.A and ADX Fotovoltaico - Solar Do Ceu, L.D.A, in which Green Show, L.D.A. holds shares, and Generación Iberia, S.L.U. (a company where Audax Renovables, S.A. holds 100% of shares).

On 11 June 2021, Audax Renovables entered into an agreement with Rocío Servicios Fotovoltaicos S.L.U. (formerly Audax Fotovoltaica S.L.U. and a company belonging to the Excelsior Group) for the purchase of 100% of shares of the companies 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. and Audax Solar SPV Italia 6, S.R.L. for the amount of EUR 8,097 thousand.

The acquisition of companies from Rocío Servicios Fotovoltaicos S.L.U. generated cash flows from payments of investments in group companies amounting to EUR 39,961 thousand.

This transaction corresponded to the second phase of the transaction of acquisition of a set of companies from Rocío Servicios Fotovoltaicos S.L.U., the first phase of which was carried out in 2020 with the purchase of 4 companies (see Note 2, transactions in the year 2020). In this regard, on 15 December 2020, Ernst & Young Servicios Corporativos S.L. as an independent expert issued a Fairness Opinion on the portfolio of solar projects including the two phases of the transaction. The report was issued as a usual instance of this kind of valuation works. The group adopted the same values as the ones issued by the expert for the acquisition of these assets.

The independent expert used the following valuation methods for the purpose of valuation of the projects:

- 1) The main valuation method: Income Approach - Discounted Free Cash Flow (DFCL).
- 2) Comparable method: Market approach - GTCM o comparable transactions.

The following main key assumptions were used:

- 35 years of useful life without considering repowering.
- Discounted cash flows at 35 years adjusting the value at the Transaction Date (CoD) according to the stage of administrative procedures of each project.

All the assumptions were considered to be market assumptions for the kind of projects analysed, at the time of carrying out the analysis.

Since the transaction referred to is considered to be a related party transaction, on 17 December 2020 the Audit Committee of Audax met for the purpose of, among others, analysing and examining said independent valuation report issued by Ernst&Young regarding the fair value of the portfolio of projects - the subject of the transaction. After considering and analysing the report, the members of the Audit Committee of Audax, all of them being independent directors, resolved unanimously to issue the relevant favourable opinion for the transaction to be carried out and relayed the opinion to the Board of Directors of Audax on the same day.

The Board of Directors of Audax, in view of the favourable opinion expressed by the Audit Committee and the valuation report issued by the independent expert, analysed and approved unanimously on 17 December 2020 the transaction to be carried out.

Moreover, on 6 July 2021 Audax Renovables, S.A. entered into a contract with Conectividad y Conexiones Concom, S.A. for the acquisition of 100% of shares of the companies Astendong, S.L. and Coral Perkins, S.L. for the total amount of EUR 6 thousand.

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On 19 October 2021 Audax Renovables established 100% of the company Audax Gas Trading Kft, based in Hungary, with a capital contribution of EUR 8 thousand.

On 14 December 2021 Audax Renovables S.A. signed an agreement with third parties for the purchase of 100% of shares of the company Zurban Gestión de Proyectos, S.L. for the amount of EUR 1,820 thousand.

The main object of all the acquired companies involves development, construction and operation of photovoltaic power generation projects.

Other transactions

On 18 January 2021 Audax Renovables, S.A. acquired a 25% share in the company Alset Comercializadora, S.L. Subsequently, as at December 2021, the Company has sold it to third parties.

This transaction did not carry any significant impact to the current financial statements.

Assets impairment test:

The Company has conducted impairment tests using cash flow projections in order to determine the recoverable amount. The impairment tests were made at the year-end date. As a result of these tests, a reversal of the impairment provision was recorded in the amount of EUR 6,906 thousand in the year 2022 (reversal of allocation to the provision amounting to EUR 3,223 thousand in the year 2021), which breaks down as follows:

	2022	2021
Provision for shareholdings	6,601	3,556
Loans to group entities	359	(264)
Commercial loans to group entities	(54)	(70)
Other assets	-	1
Total	6,906	3,223

These reversals and impairments are recorded under the heading of Impairment and profit (loss) on disposal of financial instruments, except for the impairment of commercial loans to Group entities, which is registered as loss, impairment and change in provisions from business operations.

The breakdown of the allocation to the net impairment provision by geographical segment is as follows:

	2022	2021
Spain	2,217	(28)
Poland	4,689	3,251
Total	6,906	3,223

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Provisions for shareholdings

In the current year 2022, valuation adjustments due to impairment have been carried out, recorded on certain shares owned by the Company. The breakdown of the movement in the provision by geographical segment is as follows:

Geographical segment	Accumulated provision 31.12.21	Allocation / (reversal)	Transfers	Derecognitions / Divestments	Accumulated provision 31.12.22
Spain	14,517	(1,858)	-	-	12,659
Poland	34,442	(4,743)	-	-	29,699
Total	48,959	(6,601)	-	-	42,358

The following are the main assumptions used to calculate the recoverable amount:

- a) 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 10 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 between generation and retailing (WACC) resulting from the main geographical segments is as follows:

Year 2022

2022								
	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%

Year 2021

2021								
	Spain	France	Poland	Italy	The Netherlands	Hungary	Portugal	Germany
Risk-free discount rate	1.91%	1.47%	1.77%	3.17%	1.17%	2.17%	2.07%	1.17%
Risk premium *	5.18%	5.62%	5.27%	5.19%	5.17%	5.47%	5.25%	5.08%
Capital cost	7.09%	7.09%	7.04%	8.36%	6.34%	7.64%	7.32%	6.25%
Cost of debt	2.04%	2.22%	2.69%	3.81%	2.26%	3.66%	3.10%	2.11%
After-tax weighted average cost of capital**	5.12%	4.54%	5.37%	6.89%	5.03%	6.35%	5.95%	4.92%

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* 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 Company uses after-tax weighted average cost of capital differentiated between generation and retail (WACC). The geographical segments of Italy, the Netherlands, Hungary and Germany are exclusively of energy retail, and the geographical segment of France refers exclusively to energy generation. As a consequence, only the geographical segments of Spain and Poland include the segments of energy generation and retailing. However, the variation between the WACC of both segments is not significant and does not involve significant impacts on the impairment test results.

- b) 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.

In Spain, with regard to the generation projects subject to order IET/1045/2014, the additional remuneration to the market price after the end of the regulatory useful life has not been taken into account.

- c) 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).
- d) 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.
- e) With regard to the farms 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 accordance with the milestones set out in RDL 23/2020.

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

- 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.

- Increase rates: For production projections in the wind 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 of between 1% and 3%. The percentages of the residual value over the total recoverable amount for the main groups are as follows:

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Year	Spain	The Netherlands	Poland	Italy	Germany
2022	78%	67%	86%	75%	88%
2021	73%	58%	90%	70%	60%

With regard to the 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.

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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.

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.

In the year 2022, as a consequence of the improvement and update of certain assumptions, the company carried out a reversal of the provision of EUR 6,906 thousand (EUR 3,356 thousand of reversal in 2021) of financial assets related to the energy generation, especially in the power plants in Poland and Spain.

The Company conducts impairment tests once a year, or when there are indications of impairment. The main signs which the Company takes into account in order to evaluate the existence of impairment indications are the following:

- Recurring losses in the evaluated companies.
- Significant harmful 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.
- The existence of contingent liabilities in the companies subject to valuation; significant sanctions, failure to meet certain ratios related to financial liabilities.

The Company, as the parent of a Group, prepares forecasts of cash flows for the purpose of measuring individual CGUs in order to formulate the consolidated annual accounts, at least once per year. In this respect, the existence of cash forecasts which lead to a recoverable amount of the measured assets lower than their net carrying amount suggests also the impairment of the Company's assets.

Therefore, the majority of financial investments and loans to group companies are subject to impairment tests.

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, the production hours, and the sale prices of electricity. The sensitivity of the results to reasonably possible changes in these assumptions, according to different geographic segments, on which Management have based their determination of the recoverable amount of the power plants, is as follows:

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For the year 2022

Effect on profit and loss before tax			
	Discount rates	Commodity price	Exchange rate
	Increase of 10%	Increase of 10%	Increase of 10%
Western Europe	(456)	1,476	-
Eastern Europe	(4,714)	2,879	2,617
Total	(5,170)	4,355	2,617
	Decrease of 10%	Decrease of 10%	Decrease of 10%
Western Europe	453	(1,958)	-
Eastern Europe	422	(2,879)	(2,617)
Total	875	(4,837)	(2,617)

For the year 2021

Effect on profit and loss before tax			
	Discount rates	Commodity price	Exchange rate
	Increase of 10%	Increase of 10%	Increase of 10%
Western Europe	(412)	1,572	-
Eastern Europe	(576)	579	2,456
Total	(988)	2,151	2,456
	Decrease of 10%	Decrease of 10%	Decrease of 10%
Western Europe	386	(1,429)	-
Eastern Europe	540	(579)	(2,456)
Total	926	(2,008)	(2,456)

b) Loans to Group and multi-group companies and associates

Changes in the year 2022

During the year 2022 Audax Renovables, S.A. carried out new contributions to Audax Energia, S.R.L. for the amount of EUR 53,620 thousand, to Audax Energie, GmbH for the amount of EUR 8,526 thousand, and to Audax Energia Sp. z o.o. for the amount of EUR 7,440 thousand.

Likewise during the year 2022 contributions were made to Audax Solar SPV XXVI, S.L.U in the amount of EUR 3,580 thousand and to a Portuguese subsidiary in the amount of EUR 17,134 thousand.

During the year 2022 Audax Energia, S.R.L. was carrying out partial repayments of the loan granted in the total amount of EUR 53,208 thousand, as well as Audax Energia Sp. z o.o. in the amount of EUR 3,794 thousand, and its Subsidiary in Portugal in the amount of EUR 7,260 thousand.

During the year 2022 Unieléctrica Energía, S.A. carried out repayments of the loan granted by the Company in the amount of EUR 27,020 thousand, and new contributions in the amount of EUR 1,583 thousand. As at 31 December 2022 there is no amount of the loan granted.

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During the year 2022 Eolannes Beausemblant, S.A.S. carried out partial repayments of the loan granted for the total amount of EUR 1,100 thousand, resulting in a total amount of EUR 432 thousand drawn down as at 31 December 2022.

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. made partial repayments throughout the year 2022 in the total amount of EUR 28,706 thousand.

As a consequence of the purchase of the companies Zeus Power, S.L., Hera Power, S.L., Juno Power, S.L., Diana Power, S.L. and Atlas Power S.L. from the company Idena Solar, S.L. on 22 December 2022, referred to in this note, Audax Renovables S.A. acquires certain receivables amounting to EUR 2,170 thousand.

On 1 January 2022 the loan contract with Audax Energie, GmbH was amended in order to increase the limit of the credit line up to EUR 25,000 thousand. The total amount drawn down as at 31 December 2022 was of EUR 19,878 thousand.

On 28 February 2022 Audax Renovables, S.A. signed a loan agreement with the company Zurvan Gestión de Proyectos, S.L.U. granting a credit line of EUR 8,500 thousand, at an annual interest rate of 3.5% reviewed annually, and with maturity on 28 February 2027. The amount drawn down as at 31 December 2022 is of EUR 7,535 thousand.

On 15 March 2022 Audax Renovables, S.A. signed a loan agreement with the company Ulises Power, S.L.U. granting a credit line of EUR 5,000 thousand, at an annual interest rate of 3.5% reviewed annually, and with maturity on 15 March 2027. The amount drawn down as at 31 December 2022 is of EUR 4,803 thousand.

On 30 March 2022 the loan contract with Eryx Investments 2017, S.L. was amended in order to increase the limit of the credit line up to the maximum amount of EUR 50,000 thousand. In the year 2022 Audax Renovables, S.A. made contributions to Eryx Investments 2017, S.L. in the amount of EUR 46,425 thousand. Partial repayments were also carried out in the amount of EUR 10,600 thousand, resulting in a total amount of EUR 47,746 thousand drawn down as at 31 December 2022.

On 1 November 2022 Audax Renovables, S.A. signed a loan agreement with the company ADX Fotovoltaico – Solar Do Céu, L.D.A., granting a credit line of EUR 1,500 thousand, at an annual interest rate of 3.5% reviewed annually, and with maturity on 1 November 2027. As at 31 December 2022 there is no amount drawn down.

On 1 December 2022 the loan agreement with the company Audax Energia Sp. z o.o. was amended in order to extend the maturity date to 31 December 2025. Previously the maturity date was 31 December 2022. It should be noted that Audax Energia Sp. z o.o. made partial repayments amounting to EUR 13,473 thousand, mainly in three transactions of capital increase through debt-for-equity swap: in February 2022 in the amount of EUR 3,416 thousand, in June 2022 in the amount of EUR 5,330 thousand and in November 2022 in the amount of EUR 425 thousand.

On 1 December 2022 an assignment of collection rights was signed between the companies Eléctrica Nuriel, S.L.U (assignor) and Audax Renovables, S.A. (assignee) and Audax Solar SPV XXVI, S.L.U. (borrower). As a consequence, Eléctrica Nuriel S.L.U. has a collection right against Audax Renovables for the amount of EUR 2,117 thousand. As a consideration of the assignment, receivable of the same amount of Audax Renovables from Audax Solar SPV XXVI, S.L.U. is created. The result of this transaction is also a compensation of the loans granted among the three companies.

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On 31 December 2022 a transaction of assignment of collection rights was signed between the companies Eléctrica Nuriel, S.L.U and Audax Renovables, S.A., in which Eléctrica Nuriel, S.L.U assigns to Audax Renovables, S.A. receivables from various borrowers in the amount of EUR 2,710 thousand. On the same date another transaction was signed in which various subsidiaries of the group assigned collection rights from the same borrower (Excelsior Times, S.L.U.) to Audax Renovables S.A. for the total amount of EUR 167 thousand. Audax Renovables, S.A. in turn assigned these receivables to Eléctrica Nuriel, S.L.U.

As a consequence of these transactions, amounts were offset by the receivable of Audax Renovables, S.A. from Eléctrica Nuriel, S.L.U. in the amount of EUR 2,543 thousand.

Changes in the year 2021

During the year 2021 Audax Renovables, S.A. carried out new contributions to Audax Energia, S.R.L. for the amount of EUR 17,610 thousand, to Elogia Calañas, S.L.U. for the amount of EUR 1,200 thousand, to Corinto Solar, S.L.U. for the amount of EUR 2,814 thousand and to a subsidiary in Portugal for the amount of EUR 16,440 thousand.

During 2021 ADS Energy 8.0., S.L.U. carried out repayments of a loan for the amount of EUR 4,979 thousand. As at 31 December 2021 the amount of the loan was repaid.

Moreover, other companies repaid their loans, mainly Audax Energia, S.R.L. for the amount of EUR 3,800 thousand, Las Piedras Solar, S.L.U. and Da Vinci Energía, S.L.U. for the amount of EUR 800 thousand and Audax Solar SPV X, S.L.U. for the amount of EUR 480 thousand.

On 1 January 2021 loan contracts were signed with the photovoltaic companies Audax, Solar SPV VII, S.L.U, Audax, Solar SPV X, S.L.U, Audax, Solar SPV XXVI, S.L.U, and Solar Buaya Inversiones, S.L.U. regarding four credit lines for the amount of EUR 10,000 thousand each, at the interest rate of 3.7% during the year 2021 and maturity period of up to 5 years.

As at 31 December 2021 the total amount drawn down by the companies was EUR 4,199 thousand.

On 18 January 2021 Audax Renovables, S.A. signed loan agreements with the photovoltaic companies Centauro Energía Solar, S.L.U. Tohora Solar Inversión, S.L. and Tarakona Solar Inversión, S.L. on granting three credit lines for the amount of up to EUR 3,000 thousand each, at the interest rate of 3.7% during the year 2021 and a maturity period of up to 5 years. Subsequently, on 1 August 2021, Centauro Energía Solar, S.L.U signed an amendment in order to increase the limit of the credit line up to EUR 4,000 thousand. In 2021 contributions were made to Centauro Energía Solar, S.L.U. in the amount of EUR 2,946 thousand. As at 31 December 2021 total amount drawn down was EUR 3,483 thousand.

On 1 April 2021 the loan contract with Audax Energie, GmbH was amended in order to increase the limit of the credit line up to EUR 12,000 thousand. During the year 2021 contributions were made in the amount of EUR 9,789 thousand, and the total amount drawn down as at 31 December 2021 was EUR 11,352 thousand.

On 1 April 2021 an amendment was signed to the loan agreement with Botey Solar, S.L.U. and on 1 June 2021 with Corot Energía, S.L.U. in order to increase the limit of their credit lines up to EUR 12,000 thousand and up to EUR 13,000 thousand, respectively. During the year 2021 contributions were made to both companies in the total amount of EUR 11,670 thousand, and as at 31 December 2021 the amount drawn down was EUR 10,947 thousand in the case of Botey Solar, S.L.U. and EUR 12,265 thousand in the case of Corot Energía, S.L.U.

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On 1 July 2021 loan agreements were signed with the Italian photovoltaic companies 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. and Audax Solar SPV Italia 6, S.R.L. granting six credit lines in the amount of up to EUR 5,000 thousand for Audax Solar SPV Italia 2, S.R.L., and of EUR 10,000 thousand for each one of the rest of companies. These credit lines accrue interest at the rate of 3,7% in the year 2021 and their maturity period is of up to 5 years.

In 2021 contributions were made in the amount of EUR 330 thousand.

As at 31 December 2021 the total amount drawn down by the six companies was EUR 445 thousand.

On 31 July 2021 loan agreements were signed with the photovoltaic companies Audax Solar SPV XV, S.L., Audax Solar SPV XXIV, S.L.U. and Audax Solar SPV XXV, S.L.U., granting credit lines for the amount of up to EUR 10,000 thousand each. These credit lines accrue interest at the rate of 3,7% in the year 2021 and their maturity period is of up to 5 years. In 2021 contributions were made in the amount of EUR 227 thousand. As at 31 December 2021 the total amount drawn down by these companies was EUR 819 thousand.

Also at the same date loan agreements were signed with the associated photovoltaic companies Audax Solar SPV XXVII, S.L., Audax Solar SPV XXVIII, S.L., Audax Solar SPV XXIX, S.L., Audax Solar SPV XXX, S.L., and Audax Solar SPV XXXI, S.L. granting five credit lines for the amount of up to EUR 200 thousand each. These credit lines accrue interest at the rate of 3,7% in the year 2021 and their maturity period is of up to 5 years.

As at 31 December 2021 the total amount drawn down by these companies was EUR 229 thousand.

On 9 August 2021 Audax Renovables, S.A. signed a loan agreement with Unieléctrica Energía, S.A. granting a credit line for the amount of up to EUR 18,500 thousand at an interest rate of 3.7% and with maturity on 31 January 2023. On 1 November 2021, an amendment was signed in order to increase the limit of the credit line up to EUR 23,500 thousand. As at 31 December 2021 total amount drawn down was EUR 23,500 thousand.

On 4 October 2021 Audax Renovables, S.A. signed a loan agreement with the company Audax Renewables Kft. (formerly E.ON Energiakereskedelmi Kft), based in Hungary, for the amount of EUR 28,346 thousand, with maturity in 2023 and at an interest rate of 3.7% during the year 2021.

On 30 November 2021 a credit line agreement was signed with Eléctrica Nuriel, S.L.U. for the amount of up to EUR 125,000 thousand at an interest rate of 3.7% during the year 2021 and with maturity period of up to 5 years. As at 31 December 2021, the amount drawn down was EUR 38,468 thousand.

On 30 November 2021 the Company signed a loan agreement with Audax Fotovoltaico - Solar Da Luz, L.D.A consisting in a credit line of the amount of up to EUR 4,700 thousand, maturity in 2026 and at an interest rate of 3.7% during the year 2021. As at 31 December 2021, the amount drawn down was EUR 147 thousand.

As a consequence of the acquisition of the Portuguese photovoltaic companies Green Show, L.D.A. and Clever Road, L.D.A., Audax Renovables, S.A. assumed the rights and obligations of the loan agreements which these companies had signed with their former partner, Rocío Servicios Fotovoltaicos, S.L.U. These loans have maturity date on 3 June 2024, accrue interest at the rate of 4.5% and are limited to EUR 1,000 thousand each. As at 31 December 2021 total amount drawn down was EUR 1,615 thousand.

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 25,814 thousand, EUR 278,774 thousand of collections from acceptance of loans or repayment of the loans granted, and EUR 304,587 thousand of payments for the granting of loans, contributions or repayment of received loans.

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The loans that the Company granted to the Group companies, associated companies and multi-group companies accrue financial interest based on a market rate.

The loans to the group companies, associated companies and multi-group companies generally have a maturity period of over one year and an annual interest rate between 2.21% and 7%.

The breakdown by business segment as at 31 December 2022 and 2021 is as follows:

At 31.12.22						
Business segment	Retailing			Generation		
	Loans to group companies and associates	Provisions	Net value	Loans to group companies and associates	Provisions	Net value
Geographical segment						
Spain	85,656	-	85,656	64,642	(1,042)	63,600
Italy	36,833	-	36,833	986	-	986
Poland	2,074	-	2,074	2,337	(2,141)	196
Germany	21,284	-	21,284	-	-	-
France	-	-	-	483	-	483
Panama	-	-	-	11,470	-	11,470
Portugal	-	-	-	2,745	-	2,745
Hungary	30,165	-	30,165	-	-	-
Total	176,012	-	176,012	82,663	(3,183)	79,480

At 31.12.21						
Business segment	Retailing			Generation		
	Loans to group companies and associates	Provisions	Net value	Loans to group companies and associates	Provisions	Net value
Geographical segment						
Spain	75,404	-	75,404	69,533	(1,401)	68,132
Italy	31,888	-	31,888	449	-	449
Poland	7,444	-	7,444	2,285	(2,141)	144
Germany	11,419	-	11,419	-	-	-
France	-	-	-	1,550	-	1,550
Panama	-	-	-	11,470	-	11,470
Portugal	-	-	-	1,861	-	1,861
Hungary	29,115	-	29,115	-	-	-
Total	155,270	-	155,270	87,148	(3,542)	83,606

c) Current investments in group and multi-group companies and associates

The balances of the accounts which comprise current investments in group companies and associates are as follows:

	At 31.12.22	At 31.12.21
Loans to companies	12,269	28,324
Other financial assets	3,521	1,548
Investments in group companies and associates	15,790	29,872

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The balance of loans to companies for the year 2022 and 2021 corresponds primarily to the balances of current accounts with group companies.

On 25 February 2022 Audax Renovables, S.A. signed a loan agreement with the company Audax Renewables Kft. granting a credit line of EUR 36,000 thousand, at an annual interest rate of 3.5% reviewed annually, and with maturity on 25 February 2023. As at 31 December 2022 there is no amount drawn down.

The amount of Other financial assets for they year 2022 and 2021 corresponds to dividends receivable from other group companies.

8. Financial investments

The breakdown of financial investments, without considering Trade and other receivables (Note 9), is as follows:

	At 31.12.22	At 31.12.21
Equity instruments	1	1
Loans to third parties	-	6
Debt securities	45	45
Derivatives	752	292
Other financial assets	14,597	21,375
Total long-term financial investments	15,395	21,719
Equity instruments	629	2,774
Loans to third parties	32,015	9,834
Derivatives	4,405	8,932
Other financial assets	50,564	67,585
Total short-term financial investments	87,613	89,125

Equity instruments

As at 31 December 2022 and 2021, the balance of current and non-current Equity Instruments includes mainly the amounts held by the Company in different investment funds with short-term and long-term maturity, respectively.

Loans to third parties

Current loans to third parties in 2021 corresponded mainly to two loans granted during the year to the companies Alcanzia Energía, S.L.U. and Sunair One Energy, S.L.U. for the total amount of EUR 9,500 thousand with maturity in 2022.

During the year 2022 amendments to those agreements were signed in order to increase the principal of the loans by EUR 9,800 thousand, to capitalise the amounts due from the clients in the amount of EUR 12,034 thousand and to extend the maturity to October 2023. The total amount of the two loans is EUR 30,334 thousand. Moreover, during the year partial repayments were made in the amount of EUR 1,000 thousand.

Derivatives

The Company entered into hedging contracts as a form of security measure against fluctuations in electricity purchase prices.

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As at 31 December 2022 and 31 December 2021 the breakdown of assets and liabilities related to derivative financial instruments is as follows:

	At 31.12.22 (EUR thousands)		At 31.12.21 (EUR thousands)	
	Non-current	Current	Non-current	Current
Assets from derivative financial instruments				
Energy price hedges	752	4,405	292	8,932
Total assets	752	4,405	292	8,932
Liabilities from derivative financial instruments				
Energy price hedges	3,207	10,062	4,906	12,887
Total liabilities	3,207	10,062	4,906	12,887

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).

Electricity derivatives

As at 31 December 2022, Audax Renovables holds hedge contracts against the risk of electricity price fluctuations, which are mostly clearing house agreements. As at 31 December 2022 the net fair value of these derivative financial instruments is a liability amounting to EUR 8,112 thousand (total liability of EUR 8,569 thousand at 31 December 2021).

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 electricity price hedge derivatives comply with the 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 2022 is the following (in EUR thousands):

	At 31.12.22
Changes to the Fair Value in Other Comprehensive Income	(7,462)
Amount of Other Comprehensive Income reclassified to Income Statement	7,921
Total Cash Flow Hedge Derivatives	459

The breakdown of cash flows (undiscounted) by maturity of electricity derivatives as at 31 December 2022 and 31 December 2021 is as follows:

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Stratification of Cash flows (undiscounted)					
At 31.12.22 (EUR thousands)					
	2023	2024	2025	2026 and following years	Total
Hedge derivative financial instruments					
Electricity derivatives	(5,854)	(1,774)	(876)	-	(8,505)

Stratification of Cash flows (undiscounted)					
At 31.12.21 (EUR thousands)					
	2022	2023	2024	2025 and following years	Total
Hedge derivative financial instruments					
Electricity derivatives	(4,599)	(2,209)	-	(1,537)	(8,345)

The breakdown of notional values by maturity of the electricity derivatives as at 31 December 2022 and 31 December 2021 is as follows:

Stratification of notional values					
At 31.12.22 (MWh thousands)					
	2023	2024	2025	2026 and following years	Total
Hedge derivative financial instruments					
Electricity derivatives	(95)	(35)	(35)	-	(165)

Stratification of notional values					
At 31.12.21 (MWh thousands)					
	2022	2023	2024	2025 and following years	Total
Hedge derivative financial instruments					
Electricity derivatives	99	(44)	-	263	318

Other financial assets

As at 31 December 2022 and 2021 this account is comprised mainly of guarantees, fixed-term deposits in financial entities, classified as non-current or current assets according to their maturity date, which accrue interest at a market interest rate.

Deposits and sureties granted relate 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.

Cash flows generated in 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,

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amounting to EUR 13,210 thousand negative and EUR 20,191 thousand, respectively.

9. Trade and other receivables

The composition as at 31 December 2022 and 2021 is as follows:

	At 31.12.22	At 31.12.21*
Clients	59,322	92,362
Trade receivables from group and associated companies (Note 20)	26,088	30,702
Sundry receivables	50	483
Current tax assets	2,898	688
Other receivables from Public Administration	7,966	6,799
Valuation adjustments due to impairment (Note 20)	(17,899)	(15,796)
Trade and other receivables	78,425	115,238

* Restated figures (Note 2)

The balance of the clients account as at 31 December 2022 and 2021 corresponds to the receivables for energy supplies and includes the accumulated balance of electricity and gas retail which has not yet been invoiced as at the end of the year (see note 18.a).

The account Receivables from group companies and associates includes provided services of technical, accounting and administrative assistance as well as the bilateral energy sales activity, price hedges and representation services provided to various companies of the group.

The accounts receivable are not insured and accrue no interest.

There are no significant differences between the book values and fair values in Trade and other receivables. There are no Trade or other receivables falling due in more than 12 months.

As a general rule, no interest is charged on outstanding invoice receivables.

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Impairment movement

The analysis of the movement of the adjusting accounts representing impairment loss originated by the credit risk of financial assets measured at amortised cost for the years 2022 and 2021 is as follows:

	Adjustment due to client impairment	
	2022	2021
Balance at beginning of year	(15,796)	(14,078)
Allocations	(2,834)	(2,461)
Reversals	731	743
Balance at beginning of year	(17,899)	(15,796)

10. Cash and other cash equivalents

	At 31.12.22	At 31.12.21
Cash and bank accounts	44,973	148,377
Other cash equivalents	2	815
Total	44,975	149,192

As at 31 December 2022 and 2021, there are restrictions to the disposable cash in the amount of EUR 3,300 thousand.

11. Net equity

a) Share capital

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

As at 31 December 2022 and at 31 December 2021 the share capital of the Company is represented by 440,291,054 shares of a value of EUR 0.1 each.

The Extraordinary General Meeting of Shareholders of the 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 Audax Renovables, S.A. adopted a resolution approving a transaction under which several business groups made contributions to the Company in the form of companies with operating wind farms and at different stages of administrative process. In consideration thereof, the 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 4 August 2008, Audax Renovables, S.A. and Fomento de Inversiones de Capital, S.L. (Foinca), fully owned by Audax Renovables, S.A., were merged by means of a takeover of the latter by the former, with the transfer en bloc of the equity of the latter to Audax Renovables, S.A. All the information referring to this transaction is presented in the 2009 Annual Accounts of Audax Renovables, S.A.

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The General Meeting of Shareholders of 30 June 2009 adopted a resolution in favour of the takeover merger by Audax Renovables, S.A. (merging company) and Energía Renovables Mestral, S.L.U. (merged company) through the winding up without liquidation of the latter. All the information referring to this transaction is presented in the 2009 Annual Accounts of Audax Renovables, S.A.

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 Company as at 31 December 2016 amounted to EUR 98,003 thousand and was represented by 140,003,778 shares, with individual value of EUR 0.7 each, which had been fully subscribed and paid up. All the shares had the same economic and voting rights. 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.U. 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.U. 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 merger by absorption was approved between Audax Renovables S.A. (acquiring company) and Audax Energía S.A.U. (acquired company) by way of an en bloc transfer of assets of the former to the benefit of the latter, the dissolution without liquidation of the acquired company, an increase of the share capital of the acquiring company by the amount of EUR 210,201 thousand, with a share premium amounting to EUR 141,368 thousand, by issuing 300,287,276 shares equal to those already existent, cumulative and indivisible, of EUR 0.70 of nominal value each share. The transaction was entered into the Commercial Register on 25 January 2019.

Previously, on 28 June 2018, a merger was approved for Audax Energía, S.A. to acquire the companies Orus Energía S.L.U. and A-Dos Energía S.L.U. The merger was entered into the Commercial Register on 19 October 2018. The merger implied an en bloc transfer of assets of the acquired companies (Orus Energía S.L.U. and A-Dos Energía S.L.U.) to the acquiring company (Audax Energía S.A.U.) and the dissolution without liquidation of the acquired companies.

On 19 October 2018, the sole shareholder of Audax Energía, S.A.U. carried out a non-cash increase of capital of Audax Energía, S.A.U. by the amount of EUR 352 thousand, with a share premium account of EUR 68,574 thousand. The increase was wholly subscribed and paid up by the sole shareholder of Audax Energía, S.A.U. through the contribution of 258,240 shares in the company ADS Energy 8.0, S.L.U. representing 100% of the share capital of that company and 3,000 shares in the company Eryx Investments 2017, S.L. representing 80% of the share capital of that company (Note 7). These contributions were taken into account at the moment of calculating the swap ratio in the merger by absorption of Audax Energía, S.A.U.

All the information referring to these transactions of merger and non-monetary contribution carried out in the year 2018 is presented in the 2018 Annual Accounts of Audax Renovables, S.A.

The merger process carried out in the year 2018 brought about a situation of imbalance in the shareholders' equity of the Company. In order to restore the equilibrium to the financial situation of the Company, on 29 April 2019 the General Meeting of Shareholders approved a reduction of the share capital reducing by EUR 0.6 the nominal value of the shares, which involved an increase of the reserves by 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 2022 of the Company's shares was of EUR 0.75 per share (EUR 1.26 as at 31 December 2021).

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The Company's shareholders holding more than 10% of shares as at 31 December 2022 and 31 December 2021 are the following:

	At 31.12.22	At 31.12.21
Shareholders	%	%
Eléctrica Nuriel, S.L.(*)	64.32%	65.15%
Rest of shareholders (**)	35.68%	34.85%
Total	100.00%	100.00%

(*) 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 Parent Company.

b) Share premium

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

c) Reserves

The legal reserve has been funded in compliance with article 274 of the Corporate Enterprises Act, pursuant to which, under any circumstances, the amount equal to 10 per cent of the profit for the year shall be allocated to the legal reserve, until it reaches at least 20 per cent of the share capital.

This reserve may not be distributed and, if it is used to compensate losses, when there are no other reserves available with sufficient funds for that purpose, it shall be replenished with future profits.

As at 31 December 2022, the Company has this reserve funded with the minimum amount established by the Consolidated Text of the Corporate Enterprises Act.

	At 31.12.22	At 31.12.21
Legal and internal		
Legal Reserve	8,806	8,806
Other reserves		
Other reserves	(305,386)	(295,892)
Total	(296,580)	(287,086)

The changes occurred in the reserves account in the year 2022 and 2021 are detailed in the Statement of Changes in Net Equity.

d) Treasury shares

As at 31 December 2022 and 2021 the Company does not own treasury shares.

e) Distribution and allocation of earnings

The General Meeting of Shareholders of the Company held on 16 June 2022 resolved to allocate to the losses from the previous years the loss for the year 2021 in the amount of EUR 4,935 thousand.

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The proposed allocation of earnings of Audax Renovables, S.A. for the year 2022 that the Board of Directors will suggest to the General Meeting of Shareholders for its approval is as follows:

Allocation base	EUR
Profit and loss (Loss)	(1,706,583)
Total	(1,706,583)

Allocation	EUR
To losses from previous years	(1,706,583)
Total	(1,706,583)

f) Earnings per share

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

	31.12.22	At 31.12.21 Restated*
Number of shares	440,291,054	440,291,054
Average number of shares	440,291,054	440,291,054
 Profit (loss) of the Company (EUR thousands)	 (1,707)	 (9,494)
 Profit / (loss) per share (euro per share)		
- Basic	(0.0039)	(0.0216)
- Diluted	(0.0039)	(0.0216)

* Restated Figures (Note 2)

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

The diluted gain per share is calculated by adjusting the profit for the year attributable to the holders of equity instruments of the Parent Company and the weighted arithmetic mean of ordinary shares circulating by all the dilutive effects inherent to the potential ordinary shares.

12. Provisions

The breakdown of provisions as at 31 December 2022 and 2021 is as follows:

	At 31.12.22	At 31.12.21
Current provision for liabilities	1,549	49
Current provision for liabilities	1,549	49

This account includes mainly the provisions created in order to tackle contingent liabilities towards certain public entities. As at 31 December 2022, the Management of the Company considers that there are no contingencies requiring to be provisioned for.

The Company's Management estimate that the contingent liabilities which could occur as a result of the commitments indicated in Note 19 would not have a significant impact on these annual accounts

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On 12 May 2022 the Competition Directorate issued a Proposition of a Resolution against the Company and 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 2018-2019. The Involved Companies, upon being informed of the Proposed Resolution, did not agree with the motives thereof and made their relevant representations on 09 June 2022, and on notification date of 13 October 2022 the board of the CNMC issued a disciplinary decision imposing a sanction of EUR 8,130 thousand on Audax Renovables.

The involved companies lodged a contentious-administrative appeal with the sixth section of the contentious-administrative chamber of the National High Court against this resolution in due time and form on 13 December 2022, which was admitted for processing by the measure of organisation of 09 January 2023, and on 19 January 2023 the involved companies were informed of the date assigned to formalise the claim.

Moreover, on 14 October 2021 the Regulatory Supervision Chamber of the CNMC resolved on imposing economic sanction 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.

The Company 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.

13. Financial liabilities

The breakdown of financial liabilities, excluding liabilities towards the Group, trade and other payables, as at 31 December 2022 and 2021 is as follows:

	At 31.12.22	At 31.12.21
Bonds and other negotiable securities	481,592	447,821
Amounts owed to credit institutions	30,653	40,036
Derivatives (Note 8)	3,207	4,906
Total long-term debts	515,452	492,763
Bonds and other negotiable securities	90,372	202,993
Amounts owed to credit institutions	16,999	16,231
Derivatives (Note 8)	10,062	12,887
Total short-term debts	117,433	232,111

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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 maturity in 2019. Subsequently, various extensions of the maximum drawn down balance and the maturity date of the programme were made. In the year 2019 this promissory note programme was expanded to a maximum amount of EUR 75,000 thousand with maturities of up to 2 years. In the year 2020 Audax Renovables, S.A. carried out a new increase with a maximum outstanding balance of EUR 200,000 thousand, and the maturity date on 30 March 2021. On 13 April 2021 Audax Renovables, S.A. carried out a new increase raising the maximum outstanding balance to EUR 300,000 thousand and extending the maturity date to 13 April 2022. On 25 April 2022 Audax Renovables, S.A. carried out an extension of the maturity date of the promissory note programme under the name of "Audax Promissory Note Programme 2022" until 25 April 2023, maintaining the same maximum outstanding balance. As at 31 December 2022, the total drawn down balance amounts to EUR 151,804 thousand (EUR 220,297 thousand as at 31 December 2021).

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. The agreement guarantees 70% of the issues of promissory notes carried out by Audax Renovables on the Alternative Fixed-Income Market (MARF) of up to this amount, in the framework of the programme which the company maintains active with the limit of EUR 300 million. The programme allows to carry out issues within the maximum term of 2 years.

In the year 2021 Audax Renovables, S.A. signed a promissory note programme with the company Toro Finance for the amount of EUR 15,000 thousand, which was wholly redeemed as at 31 December 2021. In the year 2022 a new disposition of EUR 15,000 thousand was made, which also was wholly redeemed in June 2022.

The Company approved in 2017 a programme for issuing plain bonds on the Alternative Fixed-Income Market (MARF), of which bonds of a nominal value of EUR 65,000 thousand with maturity in June 2022 and fixed nominal annual interest of 4.20% were subscribed.

Also in 2018 the Company approved a new programme for issuing bonds worth EUR 35,000 thousand, which was later increased by another EUR 35,000 thousand, with maturity in October 2023 and fixed nominal annual interest rate of 5.5%.

On 30 November 2020 the Company announced an offer of swap transaction for the holders of those bonds for a new issue of green bonds by the Company under its programme named "EUR 400,000,000 Senior Unsecured Notes Programme Audax Renovables, S.A. 2020" in exchange for the early redemption of the Existing Bonds owned by the holders.

As a consequence of this swap transaction, on 18 December 2020 the Company carried out a second issue of green bonds named "Issue Number 2 of Senior Unsecured Notes of Audax Renovables, S.A. 2020" for the amount of EUR 200,000 thousand, at the 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.

As at 31 December 2020 the outstanding balance of the 2017 bond amounted to EUR 26,600 thousand and the outstanding balance of the 2018 bond to EUR 17,505 thousand, corresponding to the holders who did not take part in the swap transaction offered by the Company.

In the first half of 2021 the entirety of the 2017 bond was cancelled for the amount of EUR 26,600 thousand.

On 15 June 2021, due to the great interest of the investors in subscribing the green bonds of the issue named "Issue Number 2 of Senior Unsecured Notes of Audax Renovables, S.A. 2020", the Company decided to increase this 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.

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On 26 July 2021, the Company proceeded to renew this programme by registering a new one under the name of "EUR 400,000,000 Senior Unsecured Notes Programme Audax Renovables, S.A. 2021" in the Alternative Fixed-Income Market ("MARF"), which replaces the 2020 programme. On 11 August 2022, this programme was renewed under the name of "EUR 400,000,000 Senior Unsecured Notes Programme Audax Renovables, S.A. 2022", which replaces the 2021 programme.

In December 2022 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 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.

As at 31 December 2022 from the total of the acquired notes the Company proceeded to redeem the notes of a nominal amount of EUR 5,900 thousand ahead of schedule.

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 may be 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.

Issuing of bonds is subject to meeting certain financial ratios. As at 31 December 2022 Audax Renovables, S.A. has obtained exemptions from compliance (waivers), therefore a potential default on certain ratios would not cause any immediate maturity of the debt, which has been kept accounted for as non-current.

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The amount disclosed under the Liabilities and other negotiable securities as at 31 December 2022 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 2022 and 2021.

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 81,102 thousand, the positive amount of EUR 274,418 thousand for the issue of new promissory notes, and a negative amount of EUR 355,520 thousand of payments for the redemption of bonds and promissory notes.

As at 31 December 2022 and 31 December 2021, 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.

	At 31.12.22	At 31.12.21
Bond of nominal value €70M approved in September 2018	16,715	16,911
Bond of nominal value €2000M approved in December 2020	289,600	300,000
Convertible bond of nominal value €125M approved in November 2020	125,000	125,000
Total	431,315	441,911

The conditions to be fulfilled refer to the ratios of Net financial debt/Ebitda. As at 31 December 2022 all requirements specified in those contracts are met and no breach of financial obligations is expected to arise by the closing date of the next financial year.

Amounts owed to credit institutions

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

	2022	2021
Loans	40,122	48,224
Lines of credit	105	4
Reverse factoring and similar	7,425	8,039
Total amounts owed to credit institutions.	47,652	56,267

As at 31 December 2022, the 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 2022 amounts to EUR 12,609 thousand (EUR 13,812 thousand as at 31 December 2021).

In 2021 the Company carried out the total settlement of the loans signed in 2020 with Finalbion SV, S.L. and Toro Finance for the amount of EUR 5,823 thousand.

Additionally, the Company 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..

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In 2021 the Company 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. The maturity date of the ICO loans of the Group is between 2022 and 2028.

As at 31 December 2022, the outstanding principal of the ICO loans amounted to EUR 28,211 thousand (EUR 34,330 thousand as at 31 December 2021).

The reverse factoring contracts of the Company relate mostly to the loans obtained by the Company 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 8,849 thousand, EUR 30,199 thousand of collections from acceptance of new loans, and EUR 39,048 thousand of payments for the settlement of various loans.

Classification of Financial Liabilities by maturity date

	2023	2024	2025	2026	2027	2028 and following years	Total
Bonds and other negotiable securities	90,372	72,754	122,533	(1,678)	287,982	-	571,963
Amounts owed to credit institutions	16,999	10,893	8,598	5,093	3,516	2,554	47,653
Derivatives	10,062	1,660	795	-	-	752	13,269
	117,433	85,307	131,926	3,415	291,498	3,306	632,885

Movement of financial liabilities

	31.12.21	Recognitions	Derecognitions	Transfers	Change in fair value	31.12.22
Bonds and other negotiable securities	447,821	77,338	(66,926)	23,359	-	481,592
Amounts owed to credit institutions	40,036	234	(73)	(9,544)	-	30,653
Derivatives	4,906	-	-	-	(1,699)	3,207
Total non-current financial liabilities	492,763	77,572	(66,999)	13,815	(1,699)	515,452
Bonds and other negotiable securities	202,993	217,228	(306,490)	(23,359)	-	90,372
Amounts owed to credit institutions	16,231	30,272	(39,048)	9,544	-	16,999
Derivatives	12,887	-	-	-	(2,825)	10,062
Total current financial liabilities	232,111	247,500	(345,538)	(13,815)	(2,825)	117,433

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14. Other liabilities

The composition of Other current and non-current liabilities as at 31 December 2022 and 2021 is as follows:

	At 31.12.22	At 31.12.21
Sureties and deposits received	439	7,861
Long-term deferred payments	1,933	2,771
Other non-current liabilities	2,372	10,632
Sureties and deposits received	64	64
Other current liabilities	64	64

The balance included in Long-term deferred payments relates to the debt assumed with Solar Asset Management, S.L.U. for the purchase on 18 December 2019 by Rocío Servicios Fotovoltaico, S.L.U. (formerly Audax Fotovoltaica, S.L.U), a company related to the Excelsior group, of the company Solar Buaya Inversiones, S.L.U., owner of a photovoltaic energy generation project of 50MW in Carmona (Seville). The debt shall be paid upon meeting certain conditions in the state of processing of the project established in the purchase agreement.

As a consequence of the acquisition of the company Solar Buaya Inversiones, S.L.U. in 2020 by Audax Renovables, the Company assumed the position of Rocío Servicios Fotovoltaicos, S.L.U as the creditor of the debt.

In 2022 this debt was partially repaid in the amount of EUR 838 thousand.

15. Trade and other payables

The composition as at 31 December 2022 and 2021 is as follows:

	At 31.12.22	At 31.12.21
Suppliers	17,477	21,241
Suppliers, group entities (Note 20)	14,679	17,663
Sundry payables	20,230	26,627
Staff	651	630
Current tax liabilities	401	2,615
Public Administration (Note 18.d)	9,985	1,583
Trade and other payables	63,423	70,359

The amount corresponding to Public Administration in the year 2022 and 2021 relates mainly to the Municipal Electricity Tax (IMU).

Most of the accounts payable fall due between 30 and 90 days and no interest accrues on them. The book value of the Company's debts is denominated in euro.

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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.

	2022	2021
	Days	Days
Average period of payment to suppliers ⁽¹⁾	14	28
Paid transactions ratio	14	26
Transactions with outstanding payment ratio	14	28
	Amount in EUR thousands	
Total payments carried out	885,990	597,703
Total outstanding payments	33,578	45,282
Monetary value paid in Euro (EUR thousands)	810,219	
Percentage of the total monetary value of payments to suppliers	90.98%	
Number of invoices paid	394,746	
Percentage of the total of invoices paid to suppliers	67.93%	

(1) Under the law 11/2013 of 26 July 2013, the maximum legal time limit for payment, applicable to the company with its 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 balance sheet.

Under the law 11/2013 of 26 July 2013, the maximum legal time limit for payment applicable to the Company is of 30 days, except for the case when by agreement a longer time period is established, which under no circumstances shall exceed 60 days.

16. Risk management

The Company, in general, considers risk to be any future event or contingency which could hamper the Company's ability to successfully meet its business objectives.

In this regard, Audax Renovables is submitted 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.

According to the above, any activity aimed to control and mitigate the risks will be subject to the following basic principles of procedure:

- 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.

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- 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.

Regardless of the above, the Company, being aware of their importance, has been taking the appropriate measures concerning the main financial risks: market risk (including exchange rate risk) and liquidity risk. The overall Company's risk management programme is centred on the uncertainty of the financial markets and attempts to minimise the potential adverse effects on its financial profitability.

Interest rate risk

The Company 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 Company'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 Company'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 13).

The structure of Obligations and amounts owed to credit institutions as at 31 December 2022 and 31 December 2021, taking into account the hedges through derivative contracts, is as follows:

	At 31.12.22	At 31.12.21
Fixed interest rate	581,881	661,829
Floating interest rate	37,735	45,252
Total	619,616	707,081

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

	Interest rate increase /(decrease)	Effect on profit and loss before tax
2022	10% (10%)	(139) 126
2021	10% (10%)	(172) 157

This effect does not include the impact of the interest rate fluctuations on asset impairments, as it is specified in Note 7.

Exchange rate risk

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

The non-euro currencies with which Audax Renovables, S.A. has mostly operated in 2022 and 2021 are the dollar, the Polish zloty and the Hungarian forint.

Commodity price of electricity risk

Audax Renovables 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 Company 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:

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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 Company, 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). In particular, the Company carries out an individual analysis of 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 2022 the provision for bad debts reached the amount of EUR 17,899 thousand (EUR 15,796 thousand as at December 2021).

In order to mitigate the credit risk arising from financial positions, the derivative contracts are entered into and cash surpluses are invested 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 2022 and 2021 the Company did not have significant credit risk concentrations.

Liquidity risk

Prudent liquidity risk management derives from the need of financing the Company'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.

Management follows up the liquidity reserve forecasts of the Company (which includes the availability of credit and cash or cash equivalents) on the basis of the expected cash flows. In this respect, the schedule established for expected cash flows of financial debt (without taking into account financial interest) is included in Note 13, to which the payments corresponding to Trade and other payables maturing in 2021 should also be added (Note 15).

As at 31 December 2022, available liquidity amounts to EUR 44,975 thousand including cash and cash equivalents (EUR 149,192 thousand as at 31 December 2021), and there are no significant undrawn credit facilities.

Capital management

The purpose of capital risk management is to maintain an appropriate ratio between internal and external financing (financial liability).

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The leverage ratio of the Company, taking into account only the corporate liabilities to financial institutions (without considering the liabilities to the shareholders nor to other third parties) is as follows:

	At 31.12.22	At 31.12.21 *
Long-term financial liabilities (Note 13)	515,452	492,763
Short-term financial liabilities (Note 13)	117,433	232,111
Derivatives	(5,157)	(9,224)
Financial assets	(51,193)	(70,358)
Cash and other cash equivalents (Note 10)	(44,975)	(149,192)
Net financial debt:	531,560	496,100
		-
Net equity (Note 11)	159,710	161,338
Leverage (Net financial debt / (Net financial debt + Net equity))	76.90%	75.46%

* Restated figures (Note 2)

Guarantee terms risk

In order for Audax Renovables 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 Company.

Should the financial institutions that grant the guarantees decide to cancel them, the Company'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 Company.

As at 31 December 2022 and 2021, the Company does not incur this risk, therefore it carries out its daily operations with perfect normality.

Access to finance

The development of the power generation facilities under construction, owned by Audax, the financing conditions and the amount of own funds to be contributed by the Company depend 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 Company's investees.

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

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sustainable finance, who established and developed the technical criteria in order to classify these activities.

In this regard, Audax Renovables is deeply involved in fighting the climate change. Therefore, relevant decisions are made by the highest level of management within the Group, i.e. the Board of Directors.

For the Company, bearing in mind Delegated Regulation 2178, which implements the obligation for businesses to publish certain information regarding sustainability, it will signify immediate alignment with the sustainability goals set by the Group, with the aim of maintaining a significant portfolio of investments in photovoltaic and wind energy, as defined in its Strategic Plan 2021-2026, in order to generate and incorporate distribution of energy from 100% renewable sources. The Board of Directors intends to continue evaluating and implementing sustainability plans, as well as analysing risks and designing processes in response to climate change.

The objectives of the Paris Agreement aim to keep the increase of global temperatures at below 2°C and achieve climate neutrality by 2050. The Company had in mind the potential effects of climate change while formulating the annual accounts for the year 2022. Therefore, the Company 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.

17. Tax situation

From the year 2022 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.	Tohora Solar Inversión, S.L.U.	Energía Ecológica Económica, S.L.
Generación Iberia, S.L.U.	Tarakona Solar Inversión, S.L.U.	Pasión Energía, S.L.
Eólica El Pedregoso, S.L.	Zurván Gestión de Proyectos, S.L.	Eryx Investments 2017, S.L.U.
Eólica Del Pino, S.L.	ADX Sonne, S.L.	Unieléctrica Energía, S.A.
Audax Solar SPV IV, S.L.U.	Audax Solar SPV XXIV, S.L.U.	Explotación Eólica La Pedrera, S.L.U.
Audax Solar SPV VI, S.L.U.	Audax Solar SPV XXV, S.L.U.	Fox Energía, S.A.
Audax Solar SPV VII, S.L.U.	Audax Solar SPV XXVI, S.L.U.	ADX Renovables, S.L.U.
Audax Solar SPV IX, S.L.U.	ADS Energy 8.0., S.L.U.	
Audax Solar SPV X, S.L.U.	Masqluz 2020, S.L.	
Coral Perkins, S.L.U.	Comercializadora ADI España, S.L.U.	
Aznalcóllar Solar, S.A.U.	By Energyc Energía Eficiente, S.L.	
Solar Buaya Inversiones, S.L.U.	Love Energy, S.L.	

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The movement in deferred taxes is as follows:

	Balance 31.12.21	Sale of companies	Recognitions	Derecognitions	Balance 31.12.22
Deferred tax assets	11,625	-	3,282	(3,161)	11,746
Deferred tax liabilities	(2,532)	-	-	1,017	(1,515)
Net total	9,093	-	3,282	(2,144)	10,231

	Balance 31.12.20	Sale of companies	Recognitions	Derecognitions	Balance 31.12.21*
Deferred tax assets	3,136	-	8,489	-	11,625
Deferred tax liabilities	(1,084)	-	(1,448)	-	(2,532)
Net total	2,052	-	7,041	-	9,093

* Restated figures (Note 2)

The main recognitions in deferred tax assets temporary differences for recognised expenses, not yet deductible, especially financial expenses, as well as the recognition of a tax credit of EUR 1,751 thousand. Moreover, the recognitions for the year 2021 of deferred tax liabilities correspond to the tax impact of the recognition of derivative assets and of expenses recognised and not yet tax-deductible.

The reconciliation of the taxable income for the year 2022 is the following:

Income Statement			Total
Profit (loss) for the year before tax			(6,047)
	Increases	Decreases	
Permanent differences	2,209	(16,349)	(14,140)
Temporary differences			
- arising this year	6,493	-	6,493
- arising in previous years	-	(6,079)	(6,079)
Removals from tax consolidation	-	-	690
Previous taxable income			(19,083)
Tax losses carried forward			-
Taxable amount			(19,083)

The increases from temporary differences correspond mainly to non-deductible financial expenses in 2022, which can be deducted in the future and the decreases correspond to the tax recovery of the expenses, which caused the restatement (Nota 2).

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The reconciliation of the taxable income for the year 2021 is the following:

Income Statement				Total
Profit (loss) for the year before tax*				(13,347)
	Increases	Decreases		
Permanent differences	5,003	-	(5,570)	(567)
Temporary differences				
- arising this year	18,455	-	-	18,455
- arising in previous years	-	-	(1)	(1)
Removals from tax consolidation				(1,417)
Offset taxable losses				(1,000)
Previous taxable income				2,123

* Restated figures (Note 2)

The increase from temporary differences for 2021 related mainly to non-deductible financial expenses in 2021, which may be deducted in the future.

The reconciliation between the applicable tax rate and the effective tax rate for the year 2022 and 2021 is as follows:

	2022	%	2021*	%
Income before tax	(6,047)		(13,347)	
Theoretical tax	(1,512)	25%	(3,337)	25%
Permanent differences from dividends	(708)		(181)	
Other permanent differences	453		1,100	
Goodwill amortisation	(317)		(317)	
Profit from disposal of shares	(492)		-	
Allocation / (reversal) of financial provision	(1,741)		(805)	
Use of NOLs and tax credits	-		(350)	
Others	100		(104)	
Corporate income tax accrued	(4,700)		(3,853)	

* Restated figures (Note 2.3)

As at 31 December 2022, the Company has net operating losses (NOLs) to be carried forward amounting to EUR 134,614 thousand (EUR 130,943 thousand as at 31 December 2021) as well as other not recognised tax credits amounting to EUR 3,135 thousand. As at 31 December 2022 and in relation to these amounts, the Company has recognised in the annual accounts a tax credit of EUR 4,222 thousand, corresponding to the tax credits whose recoverability has been considered highly probable, and some temporary differences for financial expenses to be deducted in following years amounting to EUR 4,102 thousand.

The various merger transactions and the non-monetary contribution carried out in the year 2018 (Note 11.a) were submitted to the tax system established in chapter VII of Title VII of the Law 27/2014, of 27 November 2014, on Corporate Income Tax. All the financial and tax information related to those transactions was included in the Company's 2018 annual accounts.

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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. As at the day of formulating these consolidated financial statements, the Group is attending to the requirements of the tax administration regarding information.

The Management of the Company considers that there are no possible tax contingencies which might significantly affect these financial statements.

18. Income and expenses

a) Net turnover

The breakdown of net turnover, excluding Impairment and profit (loss) on disposal of financial instruments is as follows:

	National		Rest of the European Union		Total	
	2022	2021 Restated*	2022	2021 Restated*	2022	2021 Restated*
Income from energy retailing	739,566	471,578	142,431	137,982	881,997	609,560
Provision of services	10,883	7,113	-	-	10,883	7,113
Income from shareholding in equity instruments in group and associated companies	-	-	3,085	760	3,085	760
Net turnover	750,449	478,691	145,516	138,742	895,965	617,433

* Restated figures (Note 2)

The annual accounts for the year 2022 include the financial statements of a permanent establishment in Portugal. Its registered address is at Avenida das Túlipas, 6, 18º, Miraflores.

As the usual date of meter readings does not coincide with the balance sheet date for the financial year, the Management of the Company makes an estimate of the volume of sales to customers that has not yet been invoiced. The accumulated balance of electricity and gas retailing which has not yet been invoiced is featured under the heading "Trade and other receivables" of the assets of the Balance Sheet and, as at 31 December 2022, amounts to EUR 22,675 thousand (EUR 40,955 thousand as at 31 December 2021). Regarding this energy, there is an estimate relating to the not received invoices for electricity and gas toll costs amounting to EUR 3,430 thousand (EUR 5,687 thousand as at 31 December 2021).

The income from provision of services corresponds to the invoicing of provided services, for example representation, technical assistance and administration services.

The income from shareholding in equity instruments in group and associated companies corresponds to dividends recognised in the years 2022 and 2021.

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b) Procurement

The breakdown of Consumption of goods, raw materials and other procurements is as follows:

	2022	2021
Consumption of goods	(864,288)	(590,005)
National purchases	(723,474)	(451,842)
Intra-Community purchases	(140,814)	(138,163)
Work performed by other entities	(10,958)	(6,741)
Procurement	(875,246)	(596,746)

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 Management of the Company makes an estimate relating to the not received invoices for electricity and gas toll costs amounting to EUR 3,430 thousand (EUR 5,687 thousand as at 31 December 2021). The balances accumulated under this heading are included in the "Trade and other payables" account of the liabilities in the Balance Sheet. Additionally, there is an estimate related to the invoices for energy purchase not yet received, amounting to EUR 8,139 thousand (EUR 7,508 thousand as at 31 December 2021). The balances accumulated under this heading are included in the "Trade and other payables" account of the liabilities in the attached Balance Sheet.

Audax Renovables, S.A., 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 (2.04 TWh/year in 2021). 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 Company does not consider them to be financial derivatives.

c) Staff costs

The breakdown of staff costs for the year 2022 and 2021 is as follows:

	2022	2021
Wages and salaries	(8,595)	(8,040)
Damages	(139)	(53)
Employer contributions	(1,882)	(2,002)
Other social expenses	(26)	(12)
Total staff costs	(10,642)	(10,107)

The average number of employees for the years 2022 and 2021 by category is as follows:

	2022	2021
Senior Management*	4	3
Management	7	6
Leadership	18	17
Middle Management	13	12
Others	200	199
Total	242	237

* including internal auditor.

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Moreover, in accordance with the provisions of the Gender Equality Act, Organic Law 3/2007 of 22 March 2007, published in the BOE (Official State Gazette) of 23 March 2007, the average number of employees at the end of 2022 and 2021 broken down by category and gender is as follows:

At 31.12.22	Men	Women	Total
Senior Management*	2	2	4
Management	6	2	8
Leadership	8	8	16
Middle Management	4	7	11
Others	72	121	193
Total	92	140	232

* including internal auditor.

At 31.12.21	Men	Women	Total
Senior Management*	2	1	3
Management	5	-	5
Leadership	9	9	18
Middle Management	5	8	13
Others	77	128	205
Total	98	146	244

* including internal auditor.

Detailed information regarding the composition of the board of directors in terms of gender is included in Note 21.

The average number of the Company's employees with a disability equal to or greater than 33% (or equivalent local qualification) in the years 2022 and 2021, by category, is as follows:

	2022	2021
Others	2	2
Total	2	2

d) Other operating expenses

The breakdown of other operating expenses is as follows:

	2022	2021
External services	(12,530)	(11,327)
Taxes (Note 15)	(4,928)	(3,862)
Loss, impairment or change in provisions from business operations	(101)	(1,759)
Other current operating expenses	(1,838)	(243)
Total operating expenses	(19,397)	(17,191)

The taxes account is comprised mainly of the provision for IMU (Municipal Electricity Fee applied to the connection to the grid in order to transport electricity to the consumption points and depending on the grid being located on the ground, underground or air of municipal public ways, making special use of local public property which might be subject to tax at an established rate if the local government decides to apply it) amounting to EUR 3,641 thousand as at 31 December 2022 (EUR 2,852 thousand as at 31 December 2021). It also includes a contribution to the energy efficiency fund in the amount of EUR 443 thousand and a contribution to the electricity subsidy (Bono Social) amounting to EUR 385 thousand (EUR 424 thousand and EUR 448 thousand respectively in the year 2021).

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On 7 March 2022 the Administrative Litigation Chamber of the Supreme Court issued judgment no. 285/2022 by which it admitted in part the administrative appeal lodged by the Company against Royal Decree 897/2017, which regulates the definitions of vulnerable consumer and bono social (a discount rate). The judgment grants the Company the right to be indemnified and receive compensation of the amounts paid for the bono social and its associated costs. As a consequence of the court judgment, the Company recognised an asset to be received from Public Administration in the amount of EUR 1,666 thousand.

e) Financial profit (loss)

	2022	2021
Financial income	15,019	5,911
From negotiable securities, loans and other financial instruments	15,019	5,911
In group and associated companies	10,165	5,319
In third parties	4,854	592
Financial expenses	(28,964)	(26,874)
From liabilities to group companies and associates	(180)	-
From liabilities to third parties	(21,868)	(20,156)
Other financial expenses	(6,916)	(6,718)
Change in fair value of financial instruments	-	35
Trading book and others	-	35
Exchange differences	(409)	(51)
FINANCIAL PROFIT (LOSS)	(14,354)	(20,979)

19. Commitments and contingencies

Guarantees with third parties

As at 31 December 2022 the Company has been given bank guarantees amounting to EUR 102,847 thousand (EUR 66,195 thousand at 31 December 2021) to cover the relevant obligations with third parties. The guarantees have been granted to cover the transactions of electricity purchase on the market.

The Company's Management estimate that any liabilities unforeseen at 31 December 2022, which could arise from the commitments indicated in this Note and in Note 14, would not have had a significant impact on these annual accounts.

Apart from the guarantees or bank guarantees which the Company provides in order to carry out its activity, there are pledges and limitations to the cash disposition, related to the existence of various deposits in the amount of EUR 38,940 thousand (EUR 25,898 thousand as at 31 December 2021), which are pledged to various financial institutions and are classified as current financial assets.

Contractual commitments

The following table shows the minimum total payments for non-cancellable operating leases at 31 December 2022 and 2021, corresponding to the Company:

Period	31.12.22	31.12.21
Up to one year	588	604
Two to five years	2,120	2,105
More than five years	1,752	2,139
Total	4,460	4,848

Operating lease expenses in the year 2022 rose to EUR 881 thousand (EUR 652 thousand in 2021).

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Audax Renovables, S.A. considers that the provisions and value adjustments recorded in these annual accounts adequately cover the risks specified in this Note and therefore, it does not expect that they will generate any liabilities or value adjustments other than those which have been recorded (Note 7).

20. 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 21.
- c) All the companies belonging to the Excelsior 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 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 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 2022 and 2021 between Audax Renovables, S.A. and the related parties are as follows:

- a) Balances with related parties:

The accounts receivable and payable with the parent company (the parent company meaning Excelsior Times, S.L.) and companies belonging to the Excelsior Group as at 31 December 2022 and 2021 are as follows:

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Year 2022

	Parent company	Group and related companies	Total
Long-term investments in group companies and associates (Note 7)	-	617,172	617,172
Trade and other payables			
Short-term receivables from group companies and associates (Note 9)	46	25,730	25,776
Short-term investments in group companies and associates (Note 7)	80	15,710	15,790
Total assets	126	658,612	658,738
Short-term payables to group companies and associates	10,023	19,185	29,208
Suppliers, group entities (Note 15)	2,862	11,817	14,679
Total liabilities	12,885	31,002	43,887

Year 2021

	Parent company	Group and related companies	Total
Long-term investments in group companies and associates (Note 7)	-	589,916	589,916
Trade and other payables			
Short-term receivables from group companies and associates (Note 9)	99	30,291	30,390
Short-term investments in group companies and associates (Note 7)	-	29,872	29,872
Total assets	99	650,079	650,178
Short-term payables to group companies and associates	46,000	3,376	49,376
Suppliers, group entities (Note 15)	3,364	14,299	17,663
Total liabilities	49,364	17,675	67,039

The increase of long-term investments in group companies corresponds mainly to the transfer from current account to loan in various companies of the group. As a consequence, current investments in group companies were reduced.

The reduction in current debts with the parent company correspond mainly to the repayment of the greatest part of the loan agreement with Excelsior Times, S.L.U. in 2022, the remaining balance being of EUR 10,000 thousand.

The cash flows derived from the Current payables to Group companies are included in the cash flows described in note 7.b.

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b) Related party transactions:

Year 2022

	Parent company	Group and related companies	Total
Turnover			
Net sales	1	200,756	200,757
Green energy guarantee of origin services	-	656	656
Technical, accounting and administration services	-	513	513
Income from shareholdings in equity instruments	-	3,085	3,085
Other operating income and similar			
Generators management and bilateral contracts commission	-	294	294
Staff and other services	47	5,150	5,197
Sale of fixed assets	-	3,726	3,726
Financial income			
Interest on granted loans	-	9,517	9,517
Total Income and similar	48	223,697	223,745
Procurement			
Purchase of energy	-	25,920	25,920
Commodity price hedge	-	8,589	8,589
Customer acquisition services	-	50	50
Other operating expenses and similar			
Office space rental	-	680	680
Staff and other services	2,445	300	2,745
Occupational risk prevention services	-	25	25
Purchase of shares	-	-	-
Purchase of fixed assets	-	4,039	4,039
Financial expenses			
Interest on loans and other debts	23	641	664
Commission for credit assignment	2,425	-	2,425
Total Expenses and similar	4,893	40,244	45,137

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Year 2021

	Parent company	Group and related companies	Total
Turnover			
Net sales	-	69,837	69,837
Technical, accounting and administration services	-	374	374
Income from shareholdings in equity instruments	-	760	760
Other operating income and similar			
Generators management and bilateral contracts commission	-	131	131
Staff and other services	94	4,167	4,261
Financial income			
Interest on granted loans	-	5,319	5,319
Total Income and similar	94	80,588	80,682
Procurement			
Purchase of energy	-	12,140	12,140
Commodity price hedge	-	13,804	13,804
Customer acquisition services	-	39	39
Green energy guarantee of origin services	-	-	-
Other operating expenses and similar			
Office space rental	-	458	458
Staff and other services	2,163	130	2,293
Occupational risk prevention services	-	8	8
Purchase of shares	-	42,759	42,759
Purchase of fixed assets	-	356	356
Financial expenses			
Interest on loans and other debts	2,925	-	2,925
Interest on loans and other debts	5,088	69,694	74,782

Income

In the year 2022 and 2021 income from the most significant transactions carried out with the Group companies relates to:

- Energy sales under bilateral contracts, mainly to Unieléctrica Energía, S.A. and its subsidiaries.
- Invoicing for technical and administrative assistance services, as well as staff and other general services provided to the companies of the Group.
- Interest receivable from the loans granted.

Expenses

With regard to the most significant transaction costs for the years 2022 and 2021, these relate to the purchase of energy through bilateral agreements, mainly from Unieléctrica Energía, S.A. and its subsidiaries, as well as hedging transactions on energy prices with various companies of the Group.

During the years 2022 and 2021 the most significant expenses in "Staff and other services" correspond to management services provided by the parent company Excelsior Times, S.L.U.

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Moreover, in the year 2022 the Company 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 (EUR 2,925 thousand in the year 2021). This transaction, carried out in the form of an agreement dated 29 December 2022 between the Company (assignor company) and Excelsior Times, S.L.U. (assignee company), consists in the assignment of certain receivables from clients and is guaranteed by Eléctrica Nuriel, S.L.U., which grants a pledge on behalf of the Assignee to the Assignor with the shares of the Company.

"Purchase of shares in 2021 includes the acquisition of photovoltaic projects from group companies Rocío Servicios Fotovoltaicos, S.L.U. (formerly Audax Fotovoltaica, S.L.U.) and Audax Green, S.L.U., for a total amount of EUR 42,759 thousand.

With regard to the portfolio 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, 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.

Upon being put into commercial operation ("COD") the projects developed by the companies Da Vinci Energía S.L (Cañamares), Las Piedras Solar S.L.(Carolinas I and II), Elogia Calañas, S.L. (Calañas), Botey Solar, S.L. (Zarzuela I, II, III and IV) and Corot Energía, S.L. (Alberizas I, II, III and IV) during the year 2022 and in accordance with the service contracts mentioned above, a settlement was made in the amount of EUR 2,126 thousand paid to Rocío Servicios Fotovoltaicos, S.L.U.

21. Information on members of the Board of Directors and Senior Management

Remuneration of the members of the Board of Directors

The Ordinary General Meeting of Shareholders of Audax Renovables, S.A., held on 21 April 2021, approved, in accordance with the previous report of the Appointments and Remuneration Committee and on the motion of the Board of Directors, a new policy of remuneration to the directors of the Company, applicable in the years 2021, 2022 and 2023.

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 Company.

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In the year 2022 the amount accrued by all the members of the Board of Directors of Audax Renovables, S.A. was of EUR 818 thousand (EUR 558 thousand in 2021) 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 2022 the expenses for civil liability insurance premium of the Directors and Senior Management amount to EUR 113 thousand (EUR 80 thousand in 2021).

As at 31 December 2022 and 2021 the Board of Directors of the Company is composed of 4 men and 2 women.

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.

Additionally to the information of the previous paragraph, in the years 2022 and 2021 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 the rest of the Directors have declared that they are not subject to any direct or indirect conflict of interest with the Company.

Senior Management's remuneration

The remuneration charged for all kinds of reasons in the year 2022 by the Senior Management amounted to EUR 400.5 thousand (EUR 490 thousand for the year 2021).

As at 31 December 2022 the Senior Management of the Group is made up of two women and two men, including the internal auditor. (one woman and two men as at December 2021).

22. Auditors' fees

The audit company (KPMG Auditores, S.L.) who audited the annual accounts of the Company has invoiced over the years ended on 31 December 2022 and 2021 fees for professional services in the following amounts:

	EUR thousands	
	2022	2021
Audit services	184	170
Other services	87	76
Total	271	246

The amounts featured in the above table include the entirety of the fees related to the services rendered during the years 2022 and 2021, independently of the invoice date.

During the years 2022 and 2021 no fees were accrued to other entities associated to KPMG International.

23. Environment

Environmental aspects are borne in mind throughout the entire process of obtaining the authorisation and building the facilities of the projects that the Company develops, as well as preparing the required studies according to the legislation governing each country.

In 2022 and 2021 no significant environmental expenses have been incurred by the Company.

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 Company has not been assigned CO₂ emissions and has no expenses arising from the consumption of these rights. The Management of the Company does not expect that any penalties or contingencies will arise from compliance with the requirements under Law 1/2005.

24. Subsequent events

On 31 January 2023 Audax Renovables together with its 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 ensures better access to future positions than by going directly to the wholesale market and will improve directly the Group's working capital position in its operations in Spain.

In January and February 2023 Audax Renovables proceeded to acquire 102,339 own shares, 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.

AUDAX RENOVABLES, S.A
Notes to the Annual Accounts for the year 2022
(EUR thousands)

APPENDIX I

a) Shareholdings in Group 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	100.00%	-
Audax Energía, S.R.L.	Via Candiolo, 2, 10048 Vinovo (Torino) Italia	Italy	Retailing	100.00%	-
Audax Energie, GmbH	Otto Franke Strabe, 97, 12489 Berlin, Germany	Germany	Retailing	100.00%	-
Audax Renewables Polska Sp z o.o	ul. Żurawia 6/12, 00-503 Warsaw	Poland	Retailing	100.00%	-
Main Energie, B.V.	Stammerkamp 1 . 1112 Ve Diemen (The Netherlands)	The Netherlands	Retailing	100.00%	-
Audax Renewables Kft.	Vaci ut 17, H1134 Budapest (Hungary)	Hungary	Retailing	100.00%	-
Audax Gas Trading Kft	4024 (postal code) Debrecen (city), Kossuth utca (street) 42.(street number)	Hungary	Retailing	100.00%	-
Eólica El Pedregoso, S.L.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	80.00%	-
Eólica Del Pino, S.L.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	80.00%	-
Eoliennes De Beausemblant, S.A.S.	1 Côte Lavigne 64800 Mirepeix (France)	France	Generation	80.00%	-
Eólica Postolin Sp. z o.o.	ul. Libelta 2/1, 85- 080 Bydgoszcz, Poland	Poland	Generation	100.00%	-
Eolica Warblewo Sp. z o.o	ul. Libelta 2/1, 85- 080 Bydgoszcz, Poland	Poland	Generation	64.50%	-
Audax Solar SPV IV, S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	100.00%	-
Audax Solar SPV VI, S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	100.00%	-
Audax Solar SPV VII, S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	100.00%	-
Audax Solar SPV IX, S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	100.00%	-
Audax Solar SPV X, S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	100.00%	-
Coral Perkins, S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	100.00%	-
Aznakóllar Solar, S.A.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	100.00%	-
Solar Buaya Inversiones, S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	100.00%	-
Audax Solar SPV XV, S.L.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	60.00%	-
Merfonda Solar, S.L.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	-	60.00%
Sarda Solar, S.L.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	-	60.00%
Tohora Solar Inversión, S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	100.00%	-
Tarakona Solar Inversión, S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	100.00%	-
Zurván Gestión de Proyectos, S.L.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	100.00%	-
Ulises Power, S.L.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	100.00%	-
ADX Sonne, S.L.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Holding	100.00%	-
Arianna Solar, S.L.	C/ Temple 25 08911 Badalona (Barcelona)	Spain	Holding	51.00%	-
Botey Solar, S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	-	51.00%
Corot Energía, S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	-	51.00%
Las Piedras Solar, S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	-	51.00%
Da Vinci Energía, S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	-	51.00%
Elogia Calafías, S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	-	51.00%
Corinto Solar, S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	-	51.00%
Centaurio Energía Solar, S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	-	51.00%
Zeus Power, S.L.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	100.00%	-
Hera Power, S.L.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	100.00%	-
Juno Power, S.L.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	100.00%	-
Diana Power, S.L.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	100.00%	-
Atlas Power, S.L.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	100.00%	-
Audax Solar SPV XXIV, S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	100.00%	-
Audax Solar SPV XXV, S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	100.00%	-
Audax Solar SPV XXVI, S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	100.00%	-
Green Show, L.D.A.	Avda. Das Tulipas, 6, 18º, Miraflores Office Center. 1495 158 Algés. Portugal	Portugal	Generation	95.00%	5.00%
ADX Fotovoltaico - Solar Da Luz, L.D.A	Avda. Das Tulipas, 6, 18º, Miraflores Office Center. 1495 158 Algés. Portugal	Portugal	Generation	-	100.00%
ADX Fotovoltaico - Solar Do Ceu, L.D.A	Avda. Das Tulipas, 6, 18º, Miraflores Office Center. 1495 158 Algés. Portugal	Portugal	Generation	-	100.00%
Clever Road, L.D.A.	Avda. Das Tulipas, 6, 18º, Miraflores Office Center. 1495 158 Algés. Portugal	Portugal	Generation	100.00%	-
Audax Solar SPV Italia 1, S.R.L.	Via Boccaccio 7, 20123 Milan (Italy)	Italy	Generation	100.00%	-
Audax Solar SPV Italia 2, S.R.L.	Via Boccaccio 7, 20123 Milan (Italy)	Italy	Generation	100.00%	-
Audax Solar SPV Italia 3, S.R.L.	Via Boccaccio 7, 20123 Milan (Italy)	Italy	Generation	100.00%	-
Audax Solar SPV Italia 4, S.R.L.	Via Boccaccio 7, 20123 Milan (Italy)	Italy	Generation	100.00%	-
Audax Solar SPV Italia 5, S.R.L.	Via Boccaccio 7, 20123 Milan (Italy)	Italy	Generation	100.00%	-
Audax Solar SPV Italia 6, S.R.L.	Via Boccaccio 7, 20123 Milan (Italy)	Italy	Generation	100.00%	-
ADS Energy 8.0., S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Retailing	100.00%	-
Masgluz 2020, S.L.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Retailing	75.00%	-
Comercializadora ADI España, S.L.U. (formerly Alset Comercializadora, S.L.U.)	Avenida de la Arruzafilla, 14 Córdoba	Spain	Retailing	75.00%	-
By Energyc Energía Eficiente, S.L.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Retailing	75.00%	-
Love Energy, S.L.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Retailing	75.00%	-
Energía Ecológica Económica, S.L.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Retailing	75.00%	-
Pasión Energía, S.L. (formerly Feed Energía, S.L.)	Avenida de la Arruzafilla, 14 Córdoba	Spain	Retailing	75.00%	-
Eryx Investments 2017, S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Retailing	100.00%	-
Unielectrica Energía, S.A.	Avenida de la Arruzafilla, 14 Córdoba	Spain	Retailing	-	100.00%
Explotación Eólica La Pedrera, S.L.U.	Calle de la Electrónica, 19, planta 7C - Badalona (Barcelona)	Spain	Generation	-	100.00%
Fox Energía, S.A.	Avda. Alcalde Lorenzo Carbonell 18, local, Alicante	Spain	Retailing	20.46%	68.75%
Nabalía Energía 2.000, S.A.	Plaça Urquinaona 7, Barcelona (Barcelona)	Spain	Retailing	-	57.50%
Acsol Energía Global, S.A.	Avenida de la Arruzafilla, 14 Córdoba	Spain	Retailing	-	63.34%
Vivo Energía Futura, S.A.	Avda. San Salvador 18, local, Badalona (Barcelona)	Spain	Retailing	-	63.33%
Iris Energía Eficiente, S.A.	Calle Castellón 4 Bajo, Local 1, Orihuela (Alicante)	Spain	Retailing	-	67.00%
Cima Energía Comercializadora, S.L.	Avenida Portugal, 27 4 º - oficina 8. 26001, Logroño, La Rioja	Spain	Retailing	-	68.69%
Ahorre Luz Servicios Online, S.L.	Plaza Urquinaona número 7 Barcelona	Spain	Retailing	-	57.50%
Propensalternativa Unipessoal, LDA	Avenida Engenheiro Arantes e Oliveira 3 rc, 1900-221 Lisboa	Portugal	Retailing	-	57.50%
ADX Renovables, S.L.U.	Avenida de la Arruzafilla, 14 Córdoba	Spain	Retailing	-	100.00%

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b) Shareholdings in associated companies and multi-group companies

Shareholding						
Company name	Registered address	Country	Objects	Direct	Indirect	Controlling relation
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 RENOVABLES, S.A
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APPENDIX II

a) Shareholdings in Group companies

At 31.12.22						
Company	Share capital	Reserves	Result	Total shareholder's equity	Gross book value	Dividends
Generación Iberia, S.L.U.	200	195	(120)	275	779	-
Audax Energía, S.R.L.	100	674	1,242	2,016	14,740	-
Audax Energie, GmbH	50	(8,161)	(7,361)	(15,472)	50	-
Audax Renewables Polska Sp z o.o	2,545	4,597	(3,623)	3,519	22,660	-
Main Energie, B.V.	-	36,939	3,144	40,083	53,886	-
Audax Renewables Kft.	2,790	32,739	(6,932)	28,597	13,934	-
Audax Gas Trading Kft	249	157	(283)	123	409	-
Eólica El Pedregoso, S.L.	146	2,462	1,189	3,797	8,989	-
Eólica Del Pino, S.L.	75	(1,762)	855	(832)	8,630	-
Eoliennes De Beausemblant, S.A.S.	556	1,728	394	2,678	3,498	769
Eólica Postolin Sp. z o.o.	11,931	10,430	2,832	25,193	41,153	2,316
Eolica Warblewo Sp. z o.o	14	(178)	(3)	(167)	12,232	-
Audax Solar SPV IV, S.L.U.	3	6	(3)	6	2,458	-
Audax Solar SPV VI, S.L.U.	3	8	(5)	6	3,651	-
Audax Solar SPV VII, S.L.U.	3	5	(2)	6	4,373	-
Audax Solar SPV IX, S.L.U.	3	5	(3)	5	2,653	-
Audax Solar SPV X, S.L.U.	3	4	(3)	4	2,118	-
Coral Perkins, S.L.U.	3	4	(3)	4	11	-
Aznalcóllar Solar, S.A.U.	60	603	(3)	660	1,504	-
Solar Buaya Inversiones, S.L.U.	3	20	(12)	11	3,365	-
Audax Solar SPV XV, S.L.	3	(4)	(3)	(4)	3,288	-
Tohora Solar Inversión, S.L.U.	3	5	(3)	5	992	-
Tarakona Solar Inversión, S.L.U.	3	6	(3)	6	706	-
Zurván Gestión de Proyectos, S.L.	5	89	(22)	72	1,820	-
Ulises Power, S.L.	6	7	(6)	7	492	-
ADX Sonne, S.L.	3	3	(2)	4	6	-
Arianna Solar, S.L.	39	15,874	(15)	15,898	7,112	-
Zeus Power, S.L.	15	114	(1)	128	650	-
Hera Power, S.L.	15	105	(1)	119	633	-
Juno Power, S.L.	15	(2)	(1)	12	392	-
Diana Power, S.L.	16	(2)	6	20	430	-
Atlas Power, S.L.	3	(1)	(3)	(1)	378	-
Audax Solar SPV XXIV, S.L.U.	3	8	(4)	7	2,766	-
Audax Solar SPV XXV, S.L.U.	3	8	(4)	7	1,848	-
Audax Solar SPV XXVI, S.L.U.	3	22	(12)	13	53,490	-
Green Show, L.D.A.	2	32	(14)	20	3,876	-
Clever Road, L.D.A.	2	10	(9)	3	17,247	-
Audax Solar SPV Italia 1, S.R.L.	10	1,105	27	1,142	5,656	-
Audax Solar SPV Italia 2, S.R.L.	10	49	(5)	54	162	-
Audax Solar SPV Italia 3, S.R.L.	10	181	2	193	197	-
Audax Solar SPV Italia 4, S.R.L.	10	314	6	330	244	-
Audax Solar SPV Italia 5, S.R.L.	10	236	3	249	378	-
Audax Solar SPV Italia 6, S.R.L.	10	518	11	539	1,361	-
ADS Energy 8.0., S.L.U.	258	1,487	(128)	1,617	1,870	-
Masqluz 2020, S.L.	3	2,024	1,398	3,425	2	-
Comercializadora ADI España, S.L.U. (formerly Alset Comercializadora, S.L.U.)	3	(45)	162	120	2	-
By Energyc Energía Eficiente, S.L.	3	(67)	21	(43)	2	-
Love Energy, S.L.	3	(392)	212	(177)	2	-
Energía Ecológica Económica, S.L.	3	(117)	74	(40)	2	-
Pasión Energía, S.L. (formerly Feed Energía, S.L.)	3	(74)	(80)	(151)	2	-
Eryx Investments 2017, S.L.U.	4	60,931	(521)	60,414	75,322	-
Fox Energía, S.A.	500	5,355	2,205	8,060	10,400	-
Total	19,716	168,254	(5,410)	182,560	392,821	3,085

Shareholding impairment provision					(42,358)	
Net book value					350,463	

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At 31.12.21						
Company	Share capital	Reserves	Result	Total shareholder's equity	Gross book value	Dividends
Generación Iberia, S.L.U.	200	76	119	395	779	-
Audax Energía, S.R.L.	100	544	129	773	14,740	-
Audax Energie, GmbH	50	(5,674)	(2,477)	(8,101)	50	-
Audax Energía Sp. z o.o.	1,945	382	(4,356)	(2,029)	13,490	-
Main Energie, B.V.	-	37,115	(176)	36,939	53,886	-
Audax Renewables Kft.	2,790	28,509	4,231	35,530	13,934	-
Eólica El Pedregoso, S.L.	146	2,328	134	2,608	8,990	-
Eólica Del Pino, S.L.	75	(1,737)	(24)	(1,686)	8,630	-
Eoliennes De Beausemblant, S.A.S.	556	1,539	1,151	3,246	3,498	760
Eólica Postolín Sp. z o.o.	11,931	10,085	2,661	24,677	41,153	-
Eolica Warblewo Sp. z o.o	14	(198)	20	(164)	12,232	-
Audax Solar SPV IV, S.L.U.	3	2	(4)	1	2,450	-
Audax Solar SPV VI, S.L.U.	3	2	(4)	1	3,641	-
Audax Solar SPV VII, S.L.U.	3	-	(3)	-	4,365	-
Audax Solar SPV IX, S.L.U.	3	2	(5)	-	2,645	-
Audax Solar SPV X, S.L.U.	3	-	(4)	(1)	2,110	-
Audax Solar SPV XXVI, S.L.U.	3	-	(3)	-	53,465	-
Aznalcóllar Solar, S.A.U.	60	609	(6)	663	1,504	-
Solar Buaya Inversiones, S.L.U.	3	5	(5)	3	3,345	-
Corinto Solar, S.L.	3	13	(7)	9	266	-
Botey Solar, S.L.U.	3	2	164	169	4,988	-
Corot Energía, S.L.U.	3	23	(18)	8	4,241	-
Las Piedras Solar, S.L.U.	3	5	108	116	2,614	-
Da Vinci Energía, S.L.U.	3	2	7	12	1,260	-
Elogia Calañas, S.L.U.	3	14	(9)	8	624	-
ADS Energy 8.0., S.L.U.	258	413	866	1,537	1,870	-
Masqluz 2020, S.L.	3	(66)	2,090	2,027	2	-
Alset Comercializadora, S.L.	3	(18)	(26)	(41)	2	-
By Energyc Energía Eficiente, S.L.	3	(66)	(1)	(64)	2	-
Love Energy, S.L.	3	(35)	(357)	(389)	2	-
Energía Ecológica Económica, S.L.	3	(13)	(104)	(114)	2	-
Feed Energía, S.L.	3	(2)	(72)	(71)	2	-
Eryx Investments 2017, S.L.U.	4	61,376	(445)	60,935	75,322	-
Fox Energía, SA	500	5,872	(518)	5,854	10,400	-
Audax Solar SPV Italia 1, S.R.L.	10	1,107	(2)	1,115	5,656	-
Audax Solar SPV Italia 2, S.R.L.	10	51	(7)	54	162	-
Audax Solar SPV Italia 3, S.R.L.	10	181	-	191	197	-
Audax Solar SPV Italia 4, S.R.L.	10	315	(2)	323	244	-
Audax Solar SPV Italia 5, S.R.L.	10	236	-	246	378	-
Audax Solar SPV Italia 6, S.R.L.	10	519	(1)	528	1,361	-
Audax Solar SPV XV, S.L.	3	-	(3)	-	3,288	-
Audax Solar SPV XXIV, S.L.U.	3	-	(4)	(1)	2,754	-
Audax Solar SPV XXV, S.L.U.	3	-	(4)	(1)	1,836	-
Green Show, L.D.A.	2	49	(17)	34	3,876	-
Clever Road, L.D.A.	2	23	(13)	12	17,247	-
Centauro Energía Solar, S.L.U.	3	12	(8)	7	752	-
Tohora Solar Inversión, S.L.U.	3	5	(5)	3	986	-
Tarakona Solar Inversión, S.L.U.	3	5	(5)	3	700	-
Zurván Gestión de Proyectos, S.L.	5	92	(3)	94	1,820	-
Astendong, S.L.U.	3	-	(1)	2	6	-
Coral Perkins, S.L.U.	3	-	(1)	2	6	-
Audax Gas Trading Kft	9	-	(3)	6	9	-
Others	-	-	-	-	1,000	-
Total	18,788	143,704	2,977	165,469	388,782	760

Shareholding impairment provision					(48,959)	
Net book value					339,823	

AUDAX RENOVABLES, S.A
Notes to the Annual Accounts for the year 2022
(EUR thousands)

b) Shareholdings in associated companies and multi-group companies

At 31.12.22						
Company	Share capital	Reserves and others	Result	Total shareholder's equity	Gross book value	Dividends
Audax Solar SPV XXVII, S.L.	3	(3)	(3)	(3)	663	-
Audax Solar SPV XXVIII, S.L.	3	(3)	(3)	(3)	663	-
Audax Solar SPV XXIX, S.L.	3	(3)	(3)	(3)	663	-
Audax Solar SPV XXX, S.L.	3	(3)	(3)	(3)	663	-
Audax Solar SPV XXXI, S.L.	3	(3)	(3)	(3)	649	-
Parque Eólico Toabré	563	1,337	9,865	11,765	7,916	-
Total	578	1,322	9,850	11,750	11,217	-

Shareholding impairment provision					-	
Net book value					11,217	

At 31.12.21						
Company	Share capital	Reserves and others	Result	Total shareholder's equity	Gross book value	Dividends
Audax Solar SPV XXVII, S.L.	3	-	(3)	-	663	-
Audax Solar SPV XXVIII, S.L.	3	-	(3)	-	663	-
Audax Solar SPV XXIX, S.L.	3	-	(3)	-	663	-
Audax Solar SPV XXX, S.L.	3	-	(3)	-	663	-
Audax Solar SPV XXXI, S.L.	3	-	(1)	2	649	-
Parque Eólico Toabré	530	1,458	(169)	1,819	7,916	-
Total	545	1,458	(182)	1,821	11,217	-

Shareholding impairment provision					-	
Net book value					11,217	

AUDAX RENOVABLES, S.A.

DIRECTORS' REPORT FOR THE YEAR 2022

The following Directors' Report for the Year 2022 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 as the head entity of a consolidated group operates on the markets in Spain, Portugal, Poland, Germany, Italy, France, the Netherlands, Hungary and Panama.

The Company's main activities involve:

- 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.

Audax Renovables operates also as a holding company, which is the parent company of a group of subsidiary companies, joint ventures and associated companies.

The distribution of the share capital of Audax as at 31 December 2022 is as follows:

Shareholder	Shareholding	
	31/12/2022	31/12/2021
Eléctrica Nuriel, S.L.U. (*)	64.32%	65.15%
Free float	35.68%	34.85%
Total	100.00%	100.00%

*Additionally, Eléctrica Nuriel, S.L.U., has various rights to purchase 48 million shares of Audax Renovables, S.A., which represent 10.90% of the Parent Company.

1.1. Organisational structure

The Company and its subsidiaries manage jointly the businesses of both generating 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/gobierno-corporativo/informes/>

1.2. Company structure

The majority shareholder of Audax is Eléctrica Nuriel, S.L., which holds 64.32% of the shares, and the rest of shareholders hold 35.68%.

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 Audax Renovables, S.A. are the following:

Shareholder	Total direct and indirect stake	
	No. of shares	% of share capital
Eléctrica Nuriel, S.L.U.	283,179,394	64.32%
Purchase rights of Eléctrica Nuriel, S.L.U.	48,000,000	10.90%
Global Portfolio Investments, S.L.	31,765,813	7.21%
Excelsior Times, S.L.U.	6,476,401	1.47%
Free Float	70,869,446	16.10%
Total	440,291,054	100.00%

The list of shareholdings in group entities and in associated and multi-group entities of Audax as at 31 December 2022 is provided in the Appendix I to the annual accounts.

1.3. Profile and strategy

The Company'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.

2. Evolution and results of the business

2.1. Significant events of the period

This directors' report has been formulated in macroeconomic circumstances marked by the conflict in Eastern Europe, which prolonged and accentuated the volatility and increase of commodity prices.

The vertical integration of Audax mitigates the risk of volatility in the market allowing to ensure regular and stable income from the generated energy and allows the energy supply and retail to be protected against market fluctuations.

We should highlight within this period the increase of operating income, which was 44.5% higher than in the year 2021, due mainly to the rising prices in the markets.

* Restatement of the 2021 results:

On 15 September 2021 Royal Decree-Law 17/2021 was approved introducing urgent measures to mitigate the impact of the increase of the price of natural gas on the retail market of gas and

electricity. Among other aspects, the Royal Decree provided that energy retailers should apply to the customers certain discounts related to the charges of the electric system, which were registered correctly by Audax, together with a reduction of the "Period adjustments and other current assets" and "Ordinary income" accounts of the individual financial statements for 2021 by the total amount of EUR 6,078 thousand. However, according to the Royal Decree mentioned above, the effect for Audax should be neutral, because the distribution companies were required to apply the same discounts to the amounts they charged the Company.

At the date of formulating the individual annual accounts for the year 2021 the Company did not identify any discounts applied to the amounts payable to the distribution companies since the implementation of Royal Decree 17/2021. Therefore Audax decided to record an account receivable from Public Administrations under "Other receivables from Public Administration" and an income under "Net turnover" in the total amount of EUR 6,078 thousand, considering that there was a receivable on the grounds of the discounts applied to the consumers.

Nevertheless, over the year 2022 it was discovered that the distribution companies actually did apply those discounts to their invoiced amounts, as a reduced expense in the amount of EUR 6,078 thousand under the "Procurement" account of the consolidated income statement of the individual annual accounts for the year 2021.

Audax proceeded to correct the error in the comparative figures for 2021 in the current individual annual accounts. The net impact on the net income was of EUR 4,558 thousand of lower income after discounting the relevant tax effect.

(See Note 2 of the Notes to the individual annual accounts).

Among the most important events of the period we can point out the following:

- At the beginning of March the Group informed about the commencement of the construction of the photovoltaic project Zaratán of 12.3 MWp total capacity. The project comprises 22,560 modules of 545 Wp of single axis solar tracker, which will allow to generate 21.5 GWh/year, corresponding to the energy use of nearly 5,500 households and approximately 17,000 individuals. The investment in clean energy will allow to avoid the emission of 3,840 tonnes of CO2 per year.
- The Government approves the National Plan in response to the consequences of the war in Ukraine on 29 March 2022, implementing RDL 6/2022 which includes an assortment of measures and proposals designed to mitigate the impact on the current economic situation, such as further extension until June 2022 of the price rate for gas, the extension of bono social (subsidy), modification of RECORE scheme, extension of fiscal measures until 30 June 2022 and the simplification of the permit-issuing process for renewable energy generation projects.
- On 26 April the Company informed of the registration of a promissory note programme named "Audax 2022 Commercial Paper Note Programme" (Programa de Pagarés Audax 2022) on the Alternative Fixed-Income Market (MARF) with a maximum outstanding balance of EUR 300,000,000 and maturity date on 25 April 2023.
- On 10 May information was released about the commencement of the construction of the photovoltaic project Miranda of 6.87 MWp total capacity. The project comprises 12,490 modules of 550 Wp of single axis solar tracker, which will allow to generate 12.2 GWh/year, corresponding to the energy use of nearly 3,500 households and approximately 11,000 individuals. Our investment in clean energy will allow to avoid the emission of 2,500 tonnes of CO2 per year.
- On 19 May a novation was signed of the framework agreement with Instituto de Crédito Oficial (ICO), Bolsas y Mercados Españoles Renta Fija, S.A.U. (MARF) and Banca March, S.A. signed on 6 August 2020, under which the guarantee of the ICO to the Company's promissory note programme incorporated in the MARF "Audax 2022 Commercial Paper Programme" (Programa de Pagarés Audax 2022) was extended. Thus the guarantee granted by the ICO to the issues of the Company's promissory notes increased to a maximum balance of EUR 170,300,000 and the maximum amount of the guarantee is of EUR 119,210,000.
- On 2 June the rating agency ETHIFINANCE RATINGS, formerly AXESOR, confirmed the rating of Audax Renovables, S.A. at "BBB-".

- On 15 June Audax informed of having concluded an agreement with the IKAV fund amounting to EUR 40 million in photovoltaic projects. On 21 July the agreement was carried out with IKAV acquiring through one of its investment companies a share of 49% of the capital in the solar projects of Audax Renovables currently in operation (69.5 MWp) for the amount of EUR 8.8 million. Additionally, IKAV contributed long term financing in the amount of EUR 29.9 million to those operating plants, by which transaction Audax regained part of the invested capital and obtained the possibility to allocate these funds to continue the development of the projects of its portfolio.
- The European Commission approved the "Iberian Exception" and a temporary mechanism of adjusting the production costs was established in order to reduce the price of electricity on the wholesale market. The measure entered into force on 15 June 2022 and will be valid during the next 12 months. This mechanism implies that the natural gas, coal and cogeneration plants without regulated remuneration will receive a subsidy for the difference between the price of gas in MIBGAS and the reference price of €40/MWh during the first six months, which will be increased by €5/MWh every month up to €70/MWh (an average of €48.8/MWh). Moreover, the validity of the fiscal and social measures, already prolonged by RDL 6/2022, were further extended until the end of December 2022.
- Additionally, on 11 August 2022 the Company registered a fixed income unsecured senior bond programme for a nominal amount of up to EUR 400,000,000 under the name of "EUR 400,000,000 Senior Unsecured Notes Programme Audax Renovables, S.A. 2022" in the Alternative Fixed-Income Market ("MARF").
- On 17 October, as a subsequent event, the Company was informed by the National Markets and Competition Commission of the resolution of 05/10/2022 adopted by the Competition Chamber in procedure S/0013/20 ("Resolution"). The Resolution declares the existence of prohibited conducts under article 3 of Law 15/2007 of 3 July of 2007 on Competition Protection, which constitute serious infringement of article 62.3.a) of said Law. The companies liable for the infringement, i.e. the Company and its subsidiaries ADS Energy 8.0, S.L.U., Ahorreluz Servicios Online, S.L., By Energyc Energía Eficiente, S.L., Iris Energía Eficiente, S.A. and Masqluz 2020, S.L., were fined the total amount of EUR 9,258,270.
The Company, upon carrying out an initial analysis of the Resolution, understands that there are solid grounds for lodging an appeal against the Resolution with the competent authority. As a consequence, the Company has initiated the necessary procedures to appeal against the aforementioned sanctions in order to be declared free of liability with regard to the Resolution.
- At the end of the year the construction of 2 new photovoltaic plants of a total capacity of 26 MWp was initiated, under the names of Cuatro Caminos and El Rebollo, both located in the province of Guadalajara. With a joint investment of EUR 18.6 million approximately, the project will allow to generate 48.2 GWh/year, corresponding to the energy use of nearly 13,600 households and approximately 42,800 individuals. The investment in clean energy will allow to avoid the emission of 9,850 tonnes of CO₂ per year.
- Moreover, before the year end, the Company announced the early settlement of 59 bonds of a nominal amount of EUR 5,900,000 issued in the Alternative Fixed-Income Market (MARF) within the programme "Senior Unsecured Notes of Audax Renovables, S.A. 2020" with maturity on 18 December 2027 and code ISIN ES0236463008.
- As a subsequent event, on 31 January 2023 the Audax Group signed an 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 has immediate effect on the working capital of the Company, by allowing its easier access to the market and supporting at the same time the goals featured in its strategic plan.

2.3. Analysis of the results

The most significant results figures for the year 2022 in comparison to the year 2021 are as follows:

Profit and Loss	2022	2021*	Var. (%)
Operating income ⁽¹⁾	913,232	630,608	44.8
Gross margin ⁽²⁾	37,986	33,862	12.2
EBITDA ⁽³⁾	9,218	8,286	11.2
EBIT ⁽⁴⁾	7,947	7,632	4.1
Profit (loss) for the year	-1,707	-9,494	-82.0

EUR thousand

(1) Operating income = Net turnover + Changes in inventories of finished goods and work in progress + Other operating income

(2) Gross margin = Operating income + Procurement

(3) EBITDA (Gross operating income) = Gross margin + Staff costs + Other operating expenses + Surplus provisions + Impairment and profit or loss on disposal of fixed assets

(4) EBIT (Operating income) = Gross operating income (EBITDA) + Amortisation and depreciation

* Restatement: adjustment under RD17/2021 on transfer of charges of the electricity system

Operating income has increased in 2022 by 44.8%, owing to the period of global energy crisis, which led to the price increase in comparison to 2021.

The increase in income is mainly the result of higher commodity price and, therefore, higher retail price, due to the increase of the gas price.

The year was also marked by the conflict in Eastern Europe, creating high volatility in the markets due to the fear of possible shortage of gas supply, and making the prices sky rocket compared to the same period of the previous year.

Gross margin amounts to EUR 37,986 thousand, 12.2% up from the previous year. The year 2022 ends with EBITDA of EUR 9,218 thousand, meaning an increase of 11.2% in comparison to the previous year.

Audax Renovables ends the year 2022 with a net loss of EUR -1,707 thousand, compared to the loss of EUR -9,494 thousand for the year 2021.

2.4. Principal operating figures

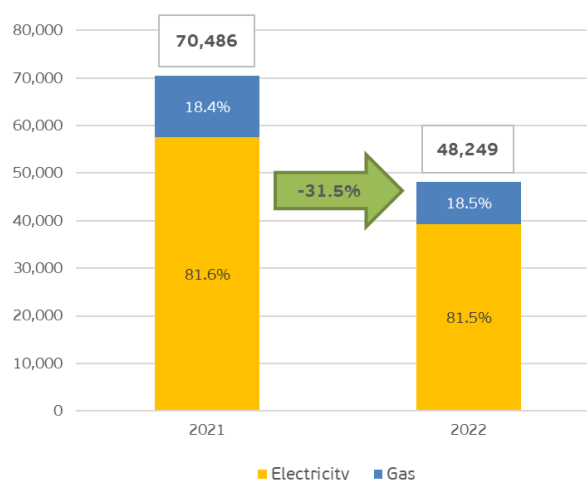
The principal figures are as follows:

Supply points:

Audax has more than 48,249 active energy supply points, compared to 70,486 of energy supply points at the end of 2021, down by 31.5%. This decrease should not be considered as such, because it is mainly the result of transferring clients to other companies of the group for the purpose of providing those clients with improved quality of services, and focussing Audax brand image on its main type of client, i.e., the SME.

Electricity supply points constitute 81.5% of the total number, and natural gas supply points constitute 18.5%, while in 2021 the figures were 81.6% and 18.4%, respectively.

Supply points per energy



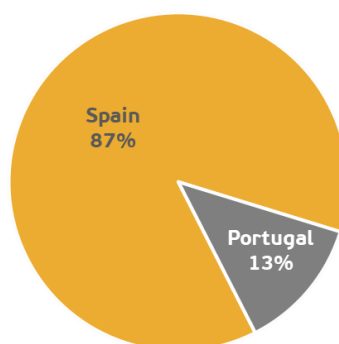
The following table shows the change in the supply points in the years 2022 and 2021, and its distribution between electricity and gas:

Puntos de Suministro	2022	2021	% Var.
Total Electricidad	39.337	57.547	-31,6
Total Gas	8.912	12.939	-31,1
TOTAL PUNTOS DE SUMINISTRO	48.249	70.486	-31,5

At the individual level, Audax reduced by 31.5% the number of its supply points. The following chapter concerning energy supplied by the Company shows how the reduction of supply points did not affect in the same way the reduction of supplied energy, which decreased by 19.4% in comparison to the same period of the previous year.

By geographical segment, the distribution of the supply points in Spain and Portugal at the end of the year 2022 is as follows:

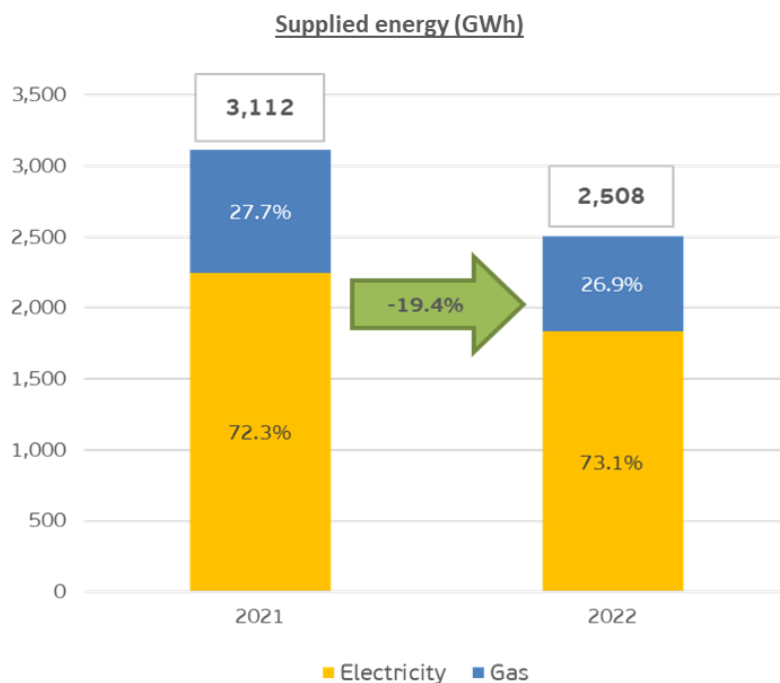
Supply points 2022



Supplied energy:

The total amount of energy supplied by Audax in the year 2022 is of 2.5 TWh, compared to 3.1 TWh of the previous year. This decrease is related to the reduction of the number of supply points, however it is clearly much smaller. Following the strategy of the Company, it is evident that in response to the changes experienced by the energy market in the year 2021 as well as in 2022, Audax adopted necessary measures in order to adapt to the circumstances, by focusing its endeavours to strengthen the profitability over growth.

In the current year the supplied electricity represents 73.1%, whereas gas constitutes 26.9% of the total volume:

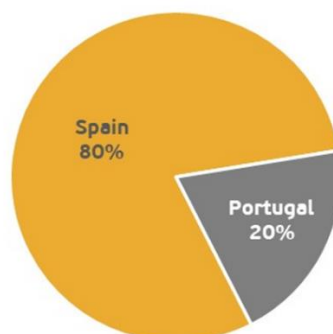


The following table shows the changes of the supplied energy and the comparison of its distribution between electricity and gas in 2022 and 2021:

Energy supplied (GWh)	2022	2021	%Var.
Total Electricity	1 834	2 250	-18,5
Total Gas	675	862	-21,7
TOTAL ENERGY SUPPLIED	2 508	3 112	-19,4

In terms of geographical segments, the distribution of the supplied energy in Spain and Portugal at the end of the year 2022 is as follows:

Energy supplied 2022



3. Liquidity and Capital Resources

3.1. Leverage

Net Financial Debt	Dec -22	Dec -21*	Var.
Financial Debt ⁽¹⁾	632,885	724,874	-91,989
Asset derivatives	-5,157	-9,224	4,067
Cash and other cash equivalents	-96,168	-219,550	123,382
Net Financial Debt ⁽²⁾	531,560	496,100	35,460
Net Equity ⁽³⁾	159,975	161,338	-1,363
Leverage ⁽⁴⁾	76.9%	75.5%	1.4%

(EUR thousands)

(1) Financial Debt = Debt from issued bonds and other negotiable securities + Amounts owed to credit institutions+ Derivative liabilities

(2) Net Financial Debt = Financial Debt + Derivative assets - 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)

* Restatement: adjustment under RD17/2021 on transfer of charges of the electricity system

Financial Debt has been reduced by EUR 92 million, from EUR 725 million in 2021 to EUR 633 million in 2022, down by 13%.

Net Financial Debt at the end of 2022 amounts to EUR 532 million, compared to EUR 496 million as at 31 December 2021. At the same time the Leverage has increased up to 76.9%.

The increase of the Net Financial Debt is principally the consequence of bond issues carried out by the Company from the end of 2020 to 2022, mainly for the purpose of financing renewable energy projects supported by Audax, the bond issues in 2022 being the following:

- On 26 April the Company informed of the registration of a promissory note programme named "Audax 2022 Commercial Paper Note Programme" (Programa de Pagarés Audax 2022) on the Alternative Fixed-Income Market (MARF) with a maximum outstanding balance of EUR 300,000,000 and maturity date on 25 April 2023.
- On 11 August 2022 the Company registered a fixed income unsecured senior bond programme for a nominal amount of up to EUR 400,000,000 under the name of "EUR 400,000,000 Senior Unsecured Notes Programme Audax Renovables, S.A. 2022" in the Alternative Fixed-Income Market ("MARF").

Moreover, before the year end, the Company announced the early settlement of 59 bonds of a

nominal amount of EUR 5,900,000 issued in the Alternative Fixed-Income Market (MARF) within the programme "Senior Unsecured Notes of Audax Renovables, S.A. 2020" with maturity on 18 December 2027 and code ISIN ES0236463008 and code ISIN ES0236463008, thus reducing the amount of bonds issued in 2020.

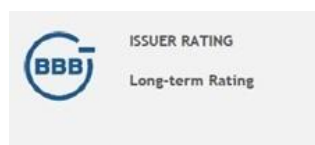
In addition to the bond issues mentioned above and the early repayment described likewise, on 15 June Audax informed of having concluded an agreement with the IKAV fund amounting to EUR 40 million in photovoltaic projects. On 21 July the agreement was carried out with IKAV acquiring through one of its investment companies a share of 49% of the capital in the solar projects of Audax Renovables currently in operation (69.5 MWp) for the amount of EUR 8.8 million. Additionally, IKAV contributed long term financing in the amount of EUR 29.9 million to those operating plants, by which transaction Audax regained part of the invested capital and obtained the possibility to allocate these funds to continue the development of the projects of its portfolio.

It should be noted that the financial debt of the Company is based on a fixed interest rate, therefore it is not significantly affected by fluctuations of the interest rates in the market.

Audax has a solid and comfortable financial position, which will allow it to follow its roadmap for the development and construction of the portfolio of photovoltaic projects.

3.2. Rating management

On 2 June 2022 the rating agency ETHIFINANCE RATINGS, formerly AXESOR, confirmed the rating of Audax Renovables, S.A. at "BBB-".



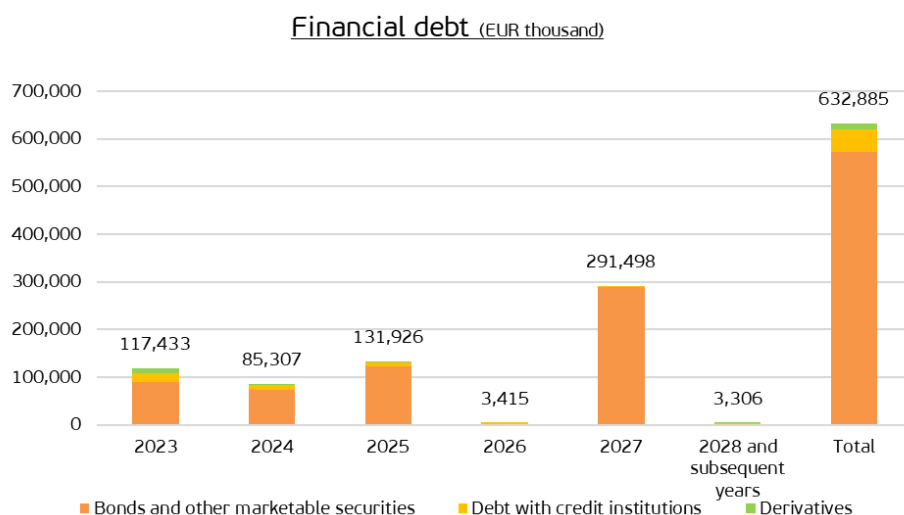
3.3. Debt structure

In regard to financial liabilities, their structure by type of debt is as follows:

Financial Debt structure	Dec -22	% of total	Dec -21	% of total
Bonds	420,934	67%	430,531	60%
Promissory notes	151,030	24%	220,283	30%
Loans	40,122	6%	48,224	7%
Derivatives	13,269	2%	17,793	2%
Reverse factoring and similar	7,425	1%	8,039	1%
Lines of credit	105	0%	4	0%
Total Financial Debt	632,885	100%	724,874	100%

(EUR thousands)

The maturity dates of the Financial Debt are as follows:



See Note 13 to the financial statements about Financial Liabilities for more detailed information.

4. Main risks and uncertainties

The Company's Risk Control and Management System

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

In this regard, Audax 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 Company 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 Company 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 Audax 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 2022 the Company has allocated EUR 1,087 thousand to the R+D+i activities, while as at 31 December 2021 the amount allocated to this purpose was of EUR 753 thousand.

6. Staff

As at 31 December 2022 the number of the Company's employees is 232, while as at 31 December 2021 there were 244 employees.

7. Natural environment

In the year 2022 and 2021 no significant environmental expenses have been incurred by the Company.

8. Acquisition and disposal of treasury shares

As at 31 December 2022 the Company does not hold treasury shares, nor as at 31 December 2021 did it hold treasury shares.

9. Other important information

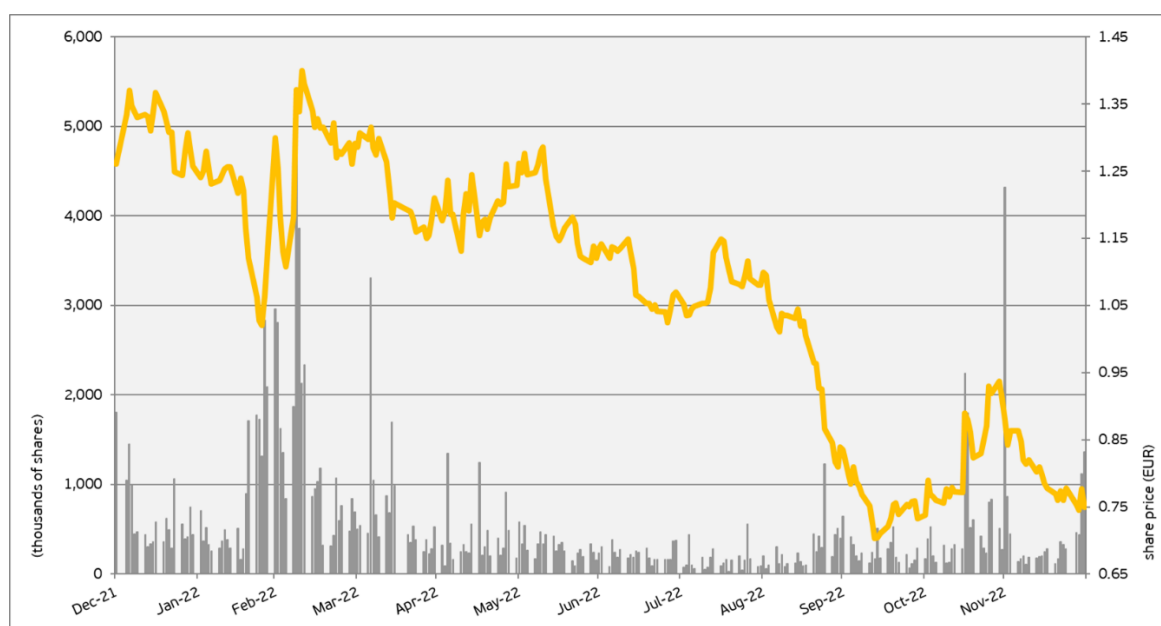
9.1. Stock market information

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 Company are as follows:

Shareholder	Total direct and indirect stake	
	Nº Shares	%equity
Eléctrica Nuriel, S.L.U.	283 179 394	64,32%
Purchasing rights of Eléctrica Nuriel, S.L.U.	48 000 000	10,90%
Global Portfolio Investments, S.L.	31 765 813	7,21%
Excelsior Times, S.L.U.	6 476 401	1,47%
Free Float	70 869 446	16,10%
Total	440 291 054	100,00%

From 23 March 2020 Audax Renovables, S.A. is included in the IBEX SMALL CAP ®.

The stock market evolution of Audax during 2022 was as follows:



The following table shows the main trading data for the year 2022:

Audax Renovables - ADX.MC	2022	Units
Number of shares admitted to trading	440 291 054	No.
Share price at the beginning of the period	1,260	€ / share
Share price at the end of the period	0,750	€ / share
Maximum trading price	1,400	€ / share
Minimum trading price	0,703	€ / share
Trading price fluctuation during the period	-40,516	%
Capitalisation at the end of the period	329 998 145	€
Number of traded shares	138 935 787	No.
Effective volume	157 379 766	€
Daily volume of traded shares (average)	538 511	N.
Effective daily volume (average)	609 999	€

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.

10. Significant events subsequent to the balance sheet date

As a relevant subsequent event, on 31 January 2023 the Audax Group signed an 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 has immediate effect on the working capital of the Company, by allowing its easier access to the market and supporting at the same time the goals featured in its strategic plan.

On 13 February 2023, in relation to the communication of privileged information submitted to the National Securities Market Commission on 28 December 2022 (registration number 1709), rectified by communication of 5 January 2023 (registration number 1713), concerning the programme of repurchase of own shares implemented by the Company, in accordance with the authorisation granted by the general meeting of shareholders held on 16 June 2022, in the twenty second item of the agenda (the "Repurchase Programme"), it was announced that during the period between 6 and 10 February 2023 the Company carried out transactions on own shares under the Repurchase Programme.

11. Average period of payment to suppliers

As specified in Note 15, the Company's average period of payment to suppliers in the year 2022 was of 14 days.

12. Corporate Governance Annual Report

The Annual Report on Corporate Governance shall be presented on the CNMV website.

13. 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. for the year 2022 comprising:

- Individual annual accounts - Individual balance sheet, Individual income statement, Individual statement of recognised income and expenses, Individual statement of changes in net equity, Individual statement of cash flows and Notes to the individual annual accounts
- Individual Directors' Report

Prepared according to the European Single Electronic Reporting Format in compliance with Commission Delegated Regulation (EU) No 2019/815, under identification number 0D626E064C07B285A104EE1F2380BA2D4D00CF3A0078D718AD401FE1382585BA, was drawn up by the Board of Directors of Audax Renovables, S.A. at its meeting on 23 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 Eduard Romeu Barceló
Member

Mr Josep María Echarri i Torres
Member

Mr Ramiro Martínez-Pardo del Valle
Member

Ms Rosa González Sans
Member

Ms Anabel López Porta
Member

