AUDAX RENOVABLES SA

A62338827 CORPORATE

BBB- ISSUER RATING
LongTerm

OUTLOOK
Evolving

Initiation date	01/04/2020
Rating Date	29/04/2026

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Rating Action y Rationale

- EthiFinance Ratings affirms the long-term rating of Audax Renovables SA at "BBB-", changing the trend from Positive to Evolving.
- The change in trend is mainly based on the review of the main financial metrics, both in the 2025 results and in the projections for the 2026-2028 period, when compared with the estimates prepared in the last review for that same time horizon. Leverage, Adj NFD/Adj EBITDA, closed 2025 at 3.0x, compared with the 1.8x initially expected. Meanwhile, interest coverage, Adj EBITDA/Adj Interest, stood below 3.5x, in contrast with the projected 4.1x. According to EthiFinance Ratings' estimates for the 2026-2028 period, the Evolving trend reflects the key aspect of maintaining metrics in line with the projected thresholds, considering that any significant deviation from the company's projections, or lower-than-expected growth in the IPP segment, could lead to a rating review.
- Audax Renovables operates as an electricity and gas supplier, as well as an independent power producer.
- The company's rating is supported by: i) a notable competitive position in the supply segment, ii) the optimal diversification of its business model, iii) committed shareholders with adequate financial capacity, complemented by its status as a listed company, which ensures not only high standards of transparency but also recurring access to capital markets, and iv) partial exposure to the generation business, a sector with solid fundamentals.
- On the other hand, among the factors that condition the rating and require monitoring are: i) partial exposure to the supply sector, characterized by tight margins and some volatility; ii) a capital structure with moderate levels of leverage and moderate interest coverage; iii) a demanding refinancing profile, with significant short-term maturities; and iv) competitive advantages and scale that are still in the development phase in the generation business.
- To assess the company's financial profile, a mix has been applied at the metrics level based on the EBITDA contribution of the two main activities. The 'standard cyclicality' table has been applied to the supply business and the 'infrastructure' table to the generation activity, given that the latter benefits from contractual provisions, PPAs, that limit cash flow volatility.
- In line with our methodology, we consider that the company operates both in the utilities sector through its supply activity, sector heatmap between 2 and 2.5, and in the renewable sector through its generation activity, sector heatmap between 1 and 1.9. While the assessment of the supply industry is neutral, it should be noted that the renewable sector has a positive impact on the assessment of the sector profile. Likewise, the analysis of the company's ESG policy results in a neutral assessment, company ESG score between 1.5 and 3.5, which has had no impact on the assessment of the financial profile.

Company Description

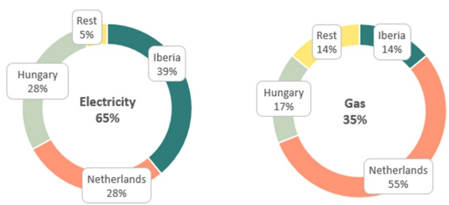
Audax carries out its activity in the energy sector, operating as an energy supplier, electricity and gas, mainly focused on the industrial segment, SMEs and large accounts, and as an independent power producer with a portfolio of solar and wind projects located in Spain, Portugal, Italy, Panama, France and Poland.

In 2025, the group reported revenue of €1.88bn, down 5.4% YoY, and EBITDA of €100.3m, representing an EBITDA margin of 5.3%, which, adjusted for the blackout in Spain in April of that same year, would amount to €115.6m, with an adjusted EBITDA margin of 6.2%. The adjusted NFD/EBITDA ratio stood at 3x. Audax's market capitalization on the Spanish continuous market stood at €653.9m as of 23/04/2026.

The company specializes in the following activities:

- **Energy supply, 99% of sales, 89% of EBITDA.** Core business focused on the supply of electricity, 10.3 TWh, and natural gas, 5.6 TWh, mainly to SMEs and large industrial companies, 93% of the portfolio, and, to a more residual extent, to residential customers, 7%, through different tariffs, fixed, indexed or flat. In this business segment, Audax's main markets are Spain, Portugal, Hungary and the Netherlands, with Italy, Poland and Germany being less relevant countries.

Energy supplied 2025. % s/total TWh.



- **Energy generation, 1% of sales, 11% of EBITDA.** The group began its energy production activities in August 2004, as Fersa Energías Renovables S.A. and subsequently as Audax from August 2016. It currently has a portfolio of photovoltaic and wind generation projects at different stages of development in five countries: Spain, France, Poland, Italy, Portugal and Panama. In 2025, its installed capacity amounted to 325 MW, producing 520 GWh during the year. In addition, the company holds a 30% minority stake in an operating wind farm in Panama.

Installed capacity and Production

	Installed capacity (MW)				Producción (GWh)[2]			
	2023	2024	2025	25vs24	2023	2024	2025	25vs24
Spain	151	155	213	37,1%	171	198	204	2,9%
France	12	12	12	0,0%	29	28	27	-3,6%
Poland	34	34	34	0,0%	79	79	74	-6,2%
Total	**197**	**201**	**259**	**28,6%**	**279**	**305**	**305**	**0,0%**
Panamá[1]	66	66	66	0,0%	242	165	215	29,9%
Total incl. Panamá	**263**	**267**	**325**	**21,5%**	**521**	**470**	**520**	**10,5%**

(1) Audax has a 30% stake. (2) Of the total production (excluding Panama), 166 GWh comes from photovoltaic (solar) parks and 139 GWh from wind farms.

Fundamentals

Business Profile

Sector Analysis

- **The group operates in two clearly differentiated sectors: supply, with low margins and high entry barriers, and generation, with higher profitability, lower volatility and strong future prospects.**

Audax operates as an energy utility with exposure to the energy supply and generation segments. These two segments are characterized by different competitive fundamentals.

Energy supply: The supply subsector generally presents limited profitability levels, with EBIT margins that can range between 1% and 4% in highly competitive segments, due to the commodity nature of the industry, market fragmentation and the high customer churn rate. In 2025, the industry's performance continued to be conditioned by the variability of wholesale prices, which interrupted the downward trend of the previous two years: the average electricity price in Spain stood at €65.52/MWh, representing a slight increase of 4.2% compared with 2024.

Despite this rebound, the market shows greater structural stability compared with the 2021-2022 crisis, supported by: i) robust gas inventory levels in Europe; ii) effective diversification of LNG supplies, which mitigates dependence on Russia; iii) the consolidation of industrial demand at adjusted levels; and iv) growing installed renewable capacity, which provides stability and lower variable costs to the energy mix. Nevertheless, latent volatility persists, fuelled by geopolitical uncertainty, not only due to the war in Ukraine, but also due to the escalation of tensions in the Middle East, the US-Israel-Palestine-Iran conflict and instability in the Red Sea, which adds a risk premium to energy markets.

The supply segment maintains high entry barriers, particularly: i) high working capital requirements, resulting from the time lag between payment for energy purchases and collection from customers; ii) the requirement to provide guarantees and sureties to regulators and market operators; iii) specialized know-how in risk management and demand forecasting; and iv) complex regulation, which in 2025 has been marked by the withdrawal of exceptional intervention measures.

Energy generation: With regard to generation activity, the high operating profitability that characterizes this sector stands out. This profitability is supported by asset efficiency and serves as a basis for sustaining the levels of financial leverage required for the development of new projects.

The industry is increasingly supported by private power purchase agreements, PPAs, and vertical integration models. In 2025, Audax consolidated its profile as an IPP, Independent Power Producer, using its own generation to supply its supply portfolio, which acts as a natural hedge against wholesale market price volatility and provides stability to results.

Entry barriers remain significant, favoring groups with an advanced track record. The management of a robust pipeline, which in Audax's case already reaches 1,037 MW at different stages, the technical know-how required for plant optimization, and the ability to obtain competitive financing are critical elements. In 2025, the ability to implement hybridization and storage solutions, BESS, has also become a differentiating factor, with the Group having already launched its first projects in Spain to maximize the value of the energy generated.

Growth prospects reinforce the strength of the sector. Demand for renewables continues to be driven by lower technology costs and the electrification of the economy. At a global level, installed renewable capacity continued to break records in 2025, in line with the COP28 objective of tripling global capacity to 11,000 GW by 2030. In this context, Audax increased its installed capacity by 21.5% in the last year, reaching 325 MW in operation, reaffirming its commitment to the energy transition.

Finally, as a relevant event in 2025, it is worth highlighting the widespread electricity blackout that occurred in the

Iberian Peninsula in April, which involved the sudden loss of approximately 15,000 MW, equivalent to 60% of demand at that time. The economic impact amounted to estimated losses of between €19bn and €22bn, particularly affecting industry, commerce, services and transport.

- **Industry with medium ESG risk and neutral impact on the rating**

In line with our methodology, we consider that the company operates both in the utilities sector through its supply activity, sector heatmap between 2 and 2.5, and in the renewable sector through its generation activity, sector heatmap between 1 and 1.9.

The renewable energy sector is well aligned with ESG factors, with a sector heatmap score between 1 and 2, improving the industry risk assessment by one category. This sector contributes to reducing pollution and protecting biodiversity as a substitute for highly polluting traditional energy sources. However, related construction emits greenhouse gases and uses significant resources. The impact on consumers and communities is positive, as this clean energy supports health and economic development. The impact on suppliers is medium, since China, where ESG-related issues may exist, is involved in a large part of the supply chain.

Competitive Positioning

- **A benchmark company in the energy supply market that offsets a more limited positioning as a generator.**

Audax stands out as a company in constant growth and international expansion, already established in a sector whose dynamics are intrinsically linked to its nature as a regulated activity. In this context, it is important to distinguish between its strong competitive position in the energy supply business, both in Spain and in the different countries where it is present, and its generation activity, where its current positioning is more limited, as the volume produced remains relatively insignificant compared with the leading operators.

As the main competitive advantages that differentiate the group from its competitors, we highlight:

Scale and track record in the supply business: Audax holds a defined position within the sector and has competitive advantages over the traditional benchmark suppliers, thanks to a greater capacity for adaptation. This positioning is supported by the sustained growth in the volume of energy supplied and a consistent market share in the different countries where it operates.

Energy supplied TWh.	2022	2023	2024	2025
Electricity	10,2	9,8	10,6	10,3
Gas	2,9	4,0	4,9	5,6
Total	**13,1**	**13,8**	**15,5**	**15,9**
EBITDA	51.664	99.307	115.363	115.637
€/Mwh	**3,9**	**7,2**	**7,4**	**7,3**

Market Access agreement: The company's scale and sector knowledge enabled Audax to sign an agreement in January 2023 with Shell Energy Europe Limited, which represented a significant change in its energy purchase and sale operations. From that point onward, the company stopped sourcing directly from the wholesale market, MIBEL, and began to rely, for five years, on an exclusive external supplier of electricity and gas in Spain. Although this model involves the payment of a fee on the energy supplied, it provides significant advantages, such as the release of regulatory guarantees, an improvement in operating financing needs, greater stability and security of supply, and a better allocation of the company's resources toward the execution of its profitable growth strategy. In this regard, the agreement favors a negative cash cycle, allowing the company to collect from its customers before paying Shell for the energy.

Vertical integration: Audax currently has an operational portfolio of 325 MW, up 58 MW compared with the previous year, in wind and solar technologies, complemented by a total project portfolio of 1,037 MW at different stages of execution. The growth in installed capacity and higher own production allow the group to deepen its vertical integration strategy, with the generation segment contributing 11% of the Group's total EBITDA. In addition, alongside progress in bringing assets into operation, such as the 57.5 MWp Lucero project, a significant part of the portfolio, 676 MW, is in the Grid Connection, Environmental Approval and Backlog phases, with connection milestones and environmental and administrative permits already achieved, which defines the future growth potential to complete full integration with its supply activity.

Pipeline. MW. 2025.	Early Stage	Grid Connection	Environmental Approval	Backlog	Under Construction	Operation	Total
Spain	-	-	6	295	32	213	**546**
Portugal	-	-	-	211	-	-	**211**
Italy	-	139	-	25	4	-	**168**
France	-	-	-	-	-	12	**12**
Poland	-	-	-	-	-	34	**34**
Panama[(1)]	-	-	-	-	-	66	**66**
TOTAL	**-**	**139**	**6**	**531**	**36**	**325**	**1.037**

(1) Audax has a 30% stake.

Diversified business model: Another differentiating factor that strengthens the company's competitive position is its diversification. Audax is positioned as an energy group, with 10.3 TWh of electricity and 5.6 TWh of gas supplied, vertically integrated as an IPP, Independent Power Producer, and with a relevant presence in seven European countries: Spain, Portugal, Italy, Germany, Poland, the Netherlands and Hungary, although the Iberian market still carries significant weight. These characteristics, which have not diminished its specialization in the industrial segment, SMEs and large customers, which already represents 93% of its total portfolio, are viewed positively due to higher returns and lower churn, supporting business balance. Despite this specialization, the Group maintains a highly atomized customer base and does not present significant credit risk concentrations, maintaining its mitigation policy through prior scoring analysis and the contracting of bad debt insurance policies covering up to €447m.

Diversification. % s/sales. 2025.

Shareholding Structure and Governance

- **Stable shareholder structure, committed to the business, supported by a qualified management team with a long-term vision, providing stability to the group.**

Shareholding structure. 31/12/25	% s/total
Eléctrica Nuriel, S.L.U.	71,1%
Global Portfolio Investments, S.L.	7,2%
Excelsior Times, S.L.U.	1,4%
Autocartera	1,0%
Free- float	19,3%
Total	100,0%

The group's shareholder structure remains controlled by Mr. José Elías Navarro, through Eléctrica Nuriel S.L.U. and Excelsior S.L.U., who holds 72.5% of the capital, following the conversion of the convertible bond, which increased his direct stake. Also noteworthy is the presence of one of the leading family offices in the Spanish market, the Domínguez family, Mayoral group, through Global Portfolio Investments, S.L., with 7.2%. Lastly, as a listed company, part of the shares is held by various investors with stakes below 5%, free float of 19.3%, as well as treasury shares, 1.0%.

In EthiFinance Ratings' opinion, the nature and long-term commitment represented by having the founding shareholder within the capital structure, together with the flexibility provided by the free float, benefit the development and implementation of strategic initiatives. In addition, the fact that the company is listed is viewed positively, as it provides a good base for additional financing.

However, it should be noted that there is a certain shareholder concentration risk embodied in the figure of Mr. José Elías Navarro. This is nevertheless mitigated by his significant link to the business, as well as by the potential financial capacity he could provide given his holdings in other companies such as Orus Properties, real estate, Atrys Health SA, healthcare, Ezentis, technology, La Sirena, food, and OHLA, construction.

- **Neutral ESG policy at company level**

The company's ESG policies are assessed as neutral, with a score between 1.5 and 3.5, and therefore have no effect on the rating. While the governance assessment is favorable, mainly supported by: i) the presence of independent directors; ii) public disclosure of the code of conduct and anti-corruption policy; and iii) the prioritization of ESG aspects, and the environmental assessment is also favorable, having evolved positively during the year due to lower resource consumption, the social assessment is average and shows greater room for improvement.

Financial Profile

Revenue and Profitability

- **Operating performance declined in 2025 despite the increase in volumes, with expectations of recovery in the short and medium term.**

Profitability. thousands of EUR	FY23	FY24	FY25	24vs23	25vs24
Turnover	2.290.438,0	1.981.744,0	1.875.263,0	-13,5%	-5,4%
Gross Mg	10,3%	11,9%	11,1%	1,6pp	-0,8pp
Adj. EBITDA	99.307,0	115.363,0	115.637,0	16,2%	0,2%
Adj. EBITDA Mg	4,3%	5,8%	6,2%	1,5pp	0,3pp
EBIT	75.127,0	93.581,0	96.360,0	24,6%	3,0%
EBIT Mg	3,3%	4,7%	5,1%	1,4pp	0,4pp
Financial expenses	-34.588,0	-32.879,0	-34.270,0	4,9%	-4,2%
EBT	45.024,0	88.950,0	60.321,0	97,6%	-32,2%

At year-end 2025, Audax reported revenue of €1.88bn, representing a 5.4% decrease compared with 2024. This reduction is mainly explained by the downward evolution of energy commodity prices and by the combined price-volume effect, since although the energy supplied during the period grew by 2.6%, the lower unit price applied conditioned the total amount billed.

The group maintained slight volume growth, 15.9 TWh, up 2.6% YoY, with gas supply growth standing out in particular, up 14.3% YoY. By market, the Iberian market recovered relative weight, 39.5% of sales, while Hungary recorded a relevant decline, down 26.4% YoY, due to lower industrial activity. The Netherlands consolidated its position as the group's second-largest market, accounting for 27.6% of sales.

EBITDA calculation. thousands of EUR	FY23	FY24	FY25	24vs23	25vs24
EBIT	75.127,0	93.581,0	81.034,0	24,6%	-13,4%
- Depreciation and amortisation	21.005,0	21.816,0	18.828,0	3,9%	-13,7%
Impairment and results from disposals of fixed assets	3.175,0	-34,0	449,0	-101,1%	1420,6%
=EBITDA	**99.307,0**	**115.363,0**	**100.311,0**	**16,2%**	**-13,0%**
Blackout adjustment	0,0	0,0	15.326,0	-	-
=adjusted EBITDA	**99.307,0**	**115.363,0**	**115.637,0**	**16,2%**	**0,2%**

In this environment, EBITDA contracted to €100.3m, down 13.0% YoY, excluding the €15.3m adjustment related to the blackout, reflecting margin pressure in the supply business. The reported EBITDA margin stood at 5.3%, versus 5.8% in 2024, affected by the lower contribution of unit EBITDA per energy supplied, €6.3/MWh in 2025, down €1.1/MWh YoY, although the company itself places the adjusted retail business ratio at €6.5/MWh, stable compared with 2024. Adjusted earnings before tax, EBT, decreased to €60.3m, down 32.2% YoY, also affected by the absence of extraordinary income recorded in 2024 from the convertible bond transaction. EthiFinance Ratings views the decline in profitability negatively, although it considers it to be temporary and projects a recovery in coming years.

Debt and Coverage

- **Controlled evolution of the debt profile and reduced debt service capacity in 2025, with expectations of gradual improvement, although within more stretched ranges than those projected in the last review.**

In 2025, Audax's leverage increased, with adjusted NFD/EBITDA of 3x, versus 2.6x in 2024, as a result of the increase in adjusted net debt, €342.2m versus €300.1m. This increase is mainly explained by the extinguishment of the €125m convertible bond issued in 2020, of which 75%, €93.6m, was ultimately settled in cash, €60m through early market repurchases between 2024 and 2025, and €33.6m at the ordinary maturity in November 2025, while only 25%, €31.4m, was converted into shares in March 2024. The analytical deduction we applied to this instrument, consistent with its convertible nature, -€76.2m in adjusted gross financial debt at year-end 2024, disappears in 2025 with no offset in net debt, since the cash extinguishment reduces gross debt and liquidity symmetrically. Likewise, interest coverage decreased to 3.4x, versus 3.5x in 2024, at levels still considered tight. EthiFinance Ratings' projections contemplate stabilization of leverage at around 3x for the 2026-2028 period, supported by EBITDA recovery, as well as strengthening of interest coverage to 4.6x-4.7x.

NFD/EBITDA Calculation. Thousands of €.	FY23	FY24	FY25
Bonds	394.936	353.147	363.299
Promissory notes	112.369	128.238	136.500
Project finance	25.428	63.375	67.382
Loans	49.653	32.115	17.071
Credit lines	5	6	19
Confirming and similar	383	0	0
Leases	20.988	22.679	26.852
Other debts	1.857	548	251
Intragroup debt	36.263	27.888	26.250
Derivatives	4.571	10.705	9.535
Reported TFD	**646.453**	**638.701**	**647.159**
Derivatives (-)	-4.571	-10.705	-9.535
Intragroup debt (-)	-36.263	-27.888	-26.250
Convertible bonds (-)	-67.210	-76.248	0
Factoring NR (+)	621	0	0
Adjusted TFD	**539.030**	**523.860**	**611.374**
Liquidity	241.533	223.786	269.171
Adjusted NFD	**297.497**	**300.074**	**342.203**
Aj. EBITDA	99.307	115.363	115.637
Adj NFD/ Adj. EBITDA	**3,0x**	**2,6x**	**3,0x**

(1)Cash and equivalents + Unrestricted short-term financial instruments - Cash availability limitations.

Audax's debt profile remains marked by the relevance of capital markets financing, with the main financial instruments being: i) €276.6m of senior bonds, maturing December 2027, 4.2% fixed; ii) €75.1m in green bonds, maturing July/November 2028, 5.80%-5.85%; iii) the MARF + AIAF commercial paper program, €150.9m, 3.57%-4.64%; and iv) project finance funding, €67m.

In 2025, the key highlights were the conversion of the convertible bond, whose deduction from adjusted debt disappears, the issuance of €75.1m in green bonds, and the increase in non-recourse debt to the parent company in line with the development of the generation pipeline.

Cash Flow Analysis

- **Free cash flow improved, benefiting from positive net investment thanks to the divestments carried out and favorable working capital management. FFO contracted in 2025, with expectations of recovery in 2026.**

FFO in 2025 contracted significantly to €37.1m, versus €68.9m in 2024. Most of the deterioration is explained by two economic factors of a different nature: i) the decline in EBITDA due to the impact of the April Iberian blackout, approximately €15m, and pressure on margins in the supply business; and ii) a significant increase in cash tax payments, €39m versus €20m in 2024, due to normalization following a previous year with reduced cash tax expense. The negative effect of these two factors was partially mitigated by higher non-cash adjustments, the reversal of negative exchange rate differences and the absence of the non-recurring income from the convertible bond conversion recorded in 2024. The FFO/NFD ratio fell to 10.8%, versus 23.0% in 2024. EthiFinance Ratings' projections contemplate a recovery in FFO to around €111m in 2026e, supported by the normalization of tax payments and EBITDA improvement, with expectations of reaching €122m in 2028.

Cash flow. Thousands of €	2023	2024	2025	25vs24
EBT	45.024	88.950	44.995*	-49%
+/- result adjustments	91.323	26.838	57.284	113%
+/- other operating flows	-43.238	-46.867	-65.218	39,2%
Funds From Operations	**93.109**	**68.921**	**37.061**	**-46%**
+/- change WK	47.406	5.273	14.166	169%
Ad. Operating Cash Flow	**140.515**	**74.194**	**51.227**	**-31%**
Investing Cash Flow	**-34.938**	**-58.921**	**23.501**	**-140%**
Operating Leases	-1.664	-1.898	-2.171	14%
Free Cash Flow	**103.913**	**13.375**	**72.557**	**442%**
- Dividends	-44	-16.422	-16.930	3%
Internally Gerated Cash Flow	**103.869**	**-3.047**	**55.627**	**-1926%**
+/- change in debt	-73.991	10.608	-6.189	-158%
+/- others	-5.614	-8.975	-5.055	-44%
Cash Variation	**24.264**	**-1.414**	**44.383**	**-3239%**
Cash at the beginning of the perio	205.929	230.196	228.782	-1%
Cash at the end of the period	230.196	228.782	273.165	19%

Reported EBT without blackout adjustment.

Audax has an asset structure marked by the investment requirements characteristic of its two businesses, as well as by the inorganic transactions carried out. In this regard, the following stand out:

Supply: i) high investment through receivables, €250.7m; ii) guarantees required to operate in the market, short-term financial investments of €60.4m; and iii) the need for a significant cash position, €273.2m. It should be noted that part of the cash balance responds to operating requirements, guarantees, limiting its availability.

Generation: i) intangible assets containing €212.3m from development costs, concession rights, licenses and other types of authorizations linked to the process of developing generation projects; and ii) property, plant and equipment worth €244.3m based on projects in operation.

Other: €155.6m in goodwill generated by the acquisitions of Unieléctrica, Main Energie, the recent integration of Alcanzia Energía, +€17.5m in 2025, and photovoltaic projects to be developed, whose recovery depends on the future evolution of the business.

EthiFinance views positively the solid increase in cash generation recorded in 2025, in which free cash flow multiplied by more than five times to reach €72.6m. This substantial improvement, driven by more efficient working capital management and lower investment intensity, strengthens the company's financial flexibility and allows it to cover dividend payments while meeting its capital requirements and financial debt service

Capitalization

- **Capitalization declined but is projected to recover progressively as the company executes the objectives set out in its 2026-2030 Strategic Plan.**

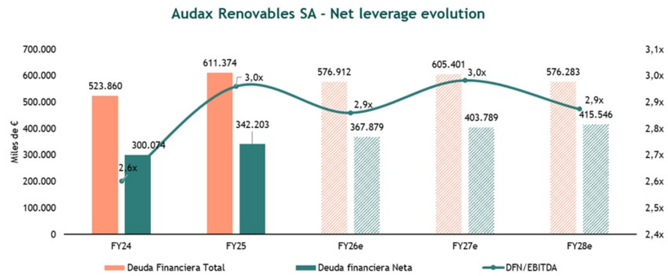
Equity. Thousands of €	2023	2024	2025	25vs24
Capital	44.029	45.343	45.343	0%
Share Premium	420.316	420.821	405.821	-4%
Reserves	-335.518	-309.547	-251.267	-19%
Profit of the year attributable to the parent	29.030	64.065	19.186	-70%
Treasury Shares	-997	-4.739	-6.790	43%
Valuation adjustments	-4.061	-6.750	-4.107	-39%
External partners	12.032	13.438	12.388	-8%
Equity. Thousands of €	**164.831**	**222.631**	**220.574**	**-1%**
TFD	539.030	523.860	611.374	17%
Equity/TFD	**31%**	**42%**	**36%**	**-6pp**

The Equity/Adjusted Gross Financial Debt ratio declined to 36.5% in 2025, versus 42.7% in 2024, affected by the increase in adjusted debt following the disappearance of the convertible bond deduction. Even so, equity remained relatively stable, €220.6m versus €222.6m, thanks to the capitalization of earnings, although the lower net result limited this effect. A gradual improvement in capitalization is projected in coming years, with Equity/Adjusted Gross Financial Debt of 46.4% in 2026e, 51.1% in 2027 and 61.6% in 2028e, supported by the recovery in results and despite the maintenance of the dividend policy, €15m per year.

Liquidity

- **Solid short-term liquidity position, although the refinancing profile becomes more demanding in the medium term.**

The company presents a robust short-term liquidity position supported by an available cash balance of €269.2m at year-end 2025. However, the refinancing profile becomes more demanding, with relevant maturities in 2026, €150m in commercial paper and bank debt, and especially in 2027, €289m, including the €276.6m bond. According to EthiFinance Ratings' projections, without assuming new debt issuance, under a stress scenario, available liquidity would turn negative in 2027, highlighting the need for successful execution of the refinancing strategy.



Modifiers

Controversies

- **No controversies have been identified as of the date of issuance of this document that could affect the rating.**

Country Risk

- **No country risk has been identified as of the date of issuance of this document that could affect the rating.**

Financial Projections

EthiFinance Ratings has prepared its financial projections following the internal methodology, the public and private information provided by the company itself, and the agency's own estimates.

Among the main assumptions supporting the projections, the following elements stand out:

- **Stabilization of revenue following the 2025 correction, with progressive recovery:** Following the 5.4% decline recorded in 2025, caused by the combined price-volume effect in an environment of declining energy prices, a gradual recovery path is projected, which would continue expanding until reaching €2.4bn in 2028e. This revenue profile is supported by growth in the customer portfolio, higher energy supplied, the commissioning of new renewable generation assets, and the Group's geographical diversification across seven European markets, as well as the expected entry into the telecommunications business contemplated in the 2026-2030 Strategic Plan.
- **Maintenance of operating margins at contained levels, with slight structural improvement:** The adjusted EBITDA margin is expected to stabilize around 5.8%-6.0% during the projected period, reflecting a more normalized energy price environment. Meanwhile, the EBIT margin is projected at around 4.9%-5.1%. This evolution incorporates the structural pressure exerted by the commodities environment on the supply business, partially offset by the growing contribution of renewable generation assets, with higher unit margins.
- **Stabilization of leverage resulting from an increase in NFD that is cushioned by the increase in EBITDA:** A sustained increase in net financial debt is projected, from €342.2m in 2025 to €415.5m in 2028e. The adjusted NFD/EBITDA ratio remains stable around 2.9x-3.0x throughout the projected period, compared with 3.0x in 2025, evidencing a controlled leverage level consistent with the business risk profile.
- **Pressure on debt service capacity in the short term, followed by normalization:** Interest coverage, Adj EBITDA/Adj Interest, stands at 3.4x in 2025 and is projected to gradually improve to 4.5x-4.7x in 2027e-2028e. Although moderate, these levels are consistent with a stable cash generation profile. Adjusted Funds From Operations, FFO, show a projected improvement from €111.1m in 2025 to €122.3m in 2028e. The FFO/NFD ratio stands at around 46%-62% over the projection horizon, confirming the Group's reasonable structural capacity to generate recurring cash flows sufficient to meet its financial commitments, although with limited headroom that requires disciplined financial management.

Main Financial Figures

Main financial figures. miles of EUR	FY24	FY25	FY26e	FY27e	FY28e	24vs23	25vs24
Turnover	1.981.744,0	1.875.263,0	2.213.722,8	2.331.530,5	2.424.825,9	-13,5%	-5,4%
Adj EBITDA	115.363,0	115.637,0	128.643,8	135.397,5	144.602,5	16,2%	0,2%
Adj EBITDA Margin	5,8%	6,2%	5,8%	5,8%	6,0%	1,5pp	0,3pp
EBIT	93.581,0	96.360,0	110.035,5	114.791,9	122.528,6	24,6%	3,0%
EBIT Margin	4,7%	5,1%	5,0%	4,9%	5,1%	1,4pp	0,4pp
EBT	88.950,0	60.321,0	79.398,9	80.552,2	87.725,8	97,6%	-32,2%
Total Assets	1.369.296,0	1.359.646,0	1.392.307,3	1.476.236,2	1.503.980,3	5,7%	-0,7%
Equity	223.945,0	222.888,0	267.506,5	309.565,0	354.929,9	29,3%	-0,5%
Adj Total Financial Debt	523.860,4	611.374,0	576.912,0	605.401,4	576.283,5	-2,8%	16,7%
Adj Net Financial Debt	300.073,9	342.203,0	367.878,6	403.789,0	415.546,2	0,9%	14,0%
Equity/TFD	42,7%	36,5%	46,4%	51,1%	61,6%	10,6pp	-6,3pp
Adj NFD/Adj EBITDA	2,6x	3,0x	2,9x	3,0x	2,9x	-0,4x	0,4x
Adj Funds From Operations	68.921,0	37.061,0	111.099,6	117.585,7	122.354,8	-26,0%	-46,2%
Adj FFO/Adj NFD	23,0%	10,8%	30,2%	29,1%	29,4%	-8,3pp	-12,1pp
Adj EBITDA/Adj Interest	3,5x	3,4x	4,6x	4,5x	4,7x	0,6x	-0,1x

Credit Rating

Credit Rating	
Business Risk Profile	**BBB**
Industry risk assessment	*BBB-*
Industry's ESG	*Neutral/Positive*
Competitive Positioning	*BBB+*
Governance	*BBB*
Financial Risk Profile	**BB**
Cash flow and leverage	*BB+*
Solvency	*BB-*
Company's ESG	Neutral
Anchor Rating	**BBB-**
Modifiers	*n.a*
Rating	**BBB-**

Sensitivity Analysis

- **Long-term positive factors (↑)**

The credit rating could be positively impacted by the successful execution of the 2026-2030 Strategic Plan, which contemplates double-digit growth in both EBITDA and net income, entry into new business lines, and the expansion of installed renewable generation capacity.

From an analytical perspective, progressive deleveraging that reduces the NFD/EBITDA ratio below 2x, improvement in interest coverage toward levels of 6x, and stronger cash generation with the FFO/NFD ratio above 45% could lead to a rating upgrade.

- **Long-term negative factors (↓)**

The credit rating could be negatively impacted by a prolonged deterioration of economic conditions in the European markets where the Group operates. Likewise, a significant delay in the execution of the 2026-2030 Strategic Plan could limit EBITDA growth potential and compromise expectations for improvement in operating profitability.

From an analytical perspective, a sustained increase in the adjusted NFD/EBITDA ratio above 3.5x, a deterioration in interest coverage below 3.0x, or a persistent decline in the FFO/NFD ratio below 25% could lead to a negative rating review.

Sources of information

The credit rating assigned in this report has been requested by the rated entity, which has also taken part in the process. It is based on private information as well as public information. The main sources of information are:

1. Annual Audit Reports.
2. Corporate Website.
3. Information published in the Official Bulletins.
4. Rating book provided by the Company.

The information was thoroughly reviewed to ensure that it is valid and consistent, and is considered satisfactory. Nevertheless, EthiFinance Ratings assumes no responsibility for the accuracy of the information and the conclusions drawn from it.

Additional information

- The rating was carried out in accordance with Regulation (EC) N°1060/2009 of the European Parliament and the Council of 16 September 2009, on credit rating agencies. Principal methodology used in this research are :
  - Corporate Rating Methodology - General : https://www.ethifinance.com/download/corporate-rating-methodology-general/?wpdmdl=35203
- The rating scale used in this report is available at https://www.ethifinance.com/en/ratings/ratingScale.
- EthiFinance Ratings publishes data on the historical default rates of the rating categories, which are located in the central statistics repository CEREP, of the European Securities and Markets Authority (ESMA).
- In accordance with Article 6 (2), in conjunction with Annex I, section B (4) of the Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009, it is reported that during the last 12 months EthiFinance Ratings has not provided ancillary services to the rated entity or its related third parties.
- The issued credit rating has been notified to the rated entity, and has not been modified since.