Audit report on the Consolidated Financial Statements
issued by an Independent Auditor

VE SONNEDIX EQUITYCO, S.L. AND SUBSIDIARIES
Consolidated Financial Statements and Consolidated Management Report
for the year ended December 31, 2024

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

Translation of a report and consolidated financial statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails (See Note 23)

To the Sole Partner of VE SONNEDIX EQUITYCO, S.L. at the request of the Sole Director:

Opinion

We have audited the consolidated financial statements of VE SONNEDIX EQUITYCO, S.L. ("the Parent") and its subsidiaries ("the Group"), which comprise the balance sheet at December 31, 2024, the income statement, the statement of changes in equity, the cash flow statement, and the notes thereto, all consolidated, for the year then ended.

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of the Group's consolidated equity and consolidated financial position at December 31, 2024, and of its financial performance and consolidated cash flows for the year then ended, in accordance with the International Financial Reporting Standards adopted by the European Union (IFRS-EU) and other provisions in the regulatory framework for financial information applicable in Spain.

Basis of the opinion

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

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

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

Most relevant audit issues

The most relevant audit issues are those that, in our professional judgment, were considered the most significant risks of material misstatement in our audit of the consolidated financial statements for the current period. These risks were addressed in the context of our audit of the consolidated financial statements overall, and in forming our audit opinion thereon, and we do not provide a separate opinion on these risks.

Regulatory framework, including recognition of income, calculation of the recoverable amount for non-current assets, and debt repayment capacity for loans received

Description	The Group's income arises almost entirely from the sale of electric energy, an activity subject to a specific remuneration model established in the prevailing regulatory framework, as explained in Note 3 to the accompanying consolidated financial statements. Consequently, income recognized in the year was estimated based on criteria and parameters established in the prevailing remuneration model. Likewise, the estimates made by Group Management for future cash flows, used to calculate the recoverable amount of assets as well as the Group's capacity to settle its liabilities, depend on meeting the budget forecasts prepared for the entire estimated useful life of the electric energy production installations operated by the Group, which include estimated revenue primarily receivable from the aforementioned prevailing regulatory framework. These factors have led us to consider this issue to be the most relevant in the audit.
Our response	Our audit procedures included, amongst others, the following: ▶ Reviewing the prevailing regulatory framework and assessing the degree of compliance therewith. ▶ Testing income recognition to verify the reasonableness of the estimates made based on regulatory changes during the year. ▶ Verifying accounts payable and receivable from energy sales, taking into account provisional and definitive settlements with the CNMC (Spanish National Markets and Competition Commission) and the intermediary market agents during the year. ▶ Verifying that the prevailing regulatory framework was taken into account when analyzing the recoverable amounts corresponding to the Group's non-current assets ▶ Reviewing the disclosures in the notes to the consolidated financial statements in accordance with the applicable regulatory framework for financial reporting.

Other information: Consolidated management report

Other information refers exclusively to the 2024 consolidated management report, preparation of which is the responsibility of the Parent's sole director and which does not form an integral part of the consolidated financial statements.

Thus, our audit opinion on the consolidated financial statements does not cover the consolidated management report. In conformity with prevailing audit regulations in Spain, our responsibility in terms of the consolidated management report is to assess and report on its consistency with the consolidated financial statements based on the knowledge of the Group we obtained during the audit of said consolidated financial statements, as well as assess and report on whether the content and presentation of the consolidated management report are consistent with applicable regulations. If, based on the work carried out, we conclude that there are material misstatements, we are required to disclose them.

Based on the work performed, as described in the above paragraph, the information contained in the consolidated management report is consistent with that provided in the 2024 consolidated financial statements and their content and presentation are in conformity with applicable regulations.

Responsibility of the Parent's sole director for the consolidated financial statements

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

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

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

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

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

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

- Identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions or 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 Company’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent's sole director.

- Conclude on the appropriateness of how the Parent's sole director applied the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the Group's audit. We are the only party responsible for our audit opinion.

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

From the significant risks communicated to the Parent’s sole director, we determine those that were of most significance in the audit of the consolidated financial statements for the current period and that are, therefore, considered the most significant risks.

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

ERNST & YOUNG, S.L.
(Registered in Spain’s Official Register of Auditors
under entry no. S0530)

(Signed in the original version in Spanish)

Sara Guillén Alcobendas
(Registered in Spain's Official Register
of Auditors under entry no. 23788)

April 9, 2025

VE Sonnedix Equityco, S.L.
and Subsidiaries

Consolidated Financial Statements and
Consolidated Management Report
for the year ended
December 31, 2024

CONTENTS

VE Sonnedix Equityco, S.L. and Subsidiaries

CONSOLIDATED BALANCE SHEET AT DECEMBER 31, 2024

(Thousands of euros)

ASSETS	Notes	2024	2023	EQUITY AND LIABILITIES	Notes	2024	2023
NON-CURRENT ASSETS		**32,838**	**32,039**	**EQUITY**		**(19,272)**	**(22,754)**
Intangible assets	**5**	**5,917**	**6,385**	***CAPITAL AND RESERVES***	**12**	**(19,272)**	**(22,754)**
Operating rights		2,386	2,658	**Share capital**		**3**	**3**
Right-of-use in leases		3,381	3,569	Issued capital		3	3
Other intangible assets		150	158	**Consolidation reserves**		**(25,080)**	**(23,777)**
Property, plant, and equipment (PP&E)	**6**	**17,551**	**19,479**	**Other owner contributions**		**2,553**	**2,323**
Land and buildings		71	71	**Consolidated profit (loss) for the year**		**3,252**	**(1,303)**
Plant		17,480	19,408				
Investments in group companies and associates	**7**	**4,315**	**747**	**NON-CURRENT LIABILITIES**		**53,323**	**58,509**
Loans to companies		4,315	747	**Provisions**	**20**	**477**	**464**
Financial investments	**8**	**595**	**5**	**Borrowings**		**47,175**	**52,110**
Other financial assets		595	5	Bonds and other marketable securities	**13.1**	43,533	47,129
Deferred tax assets	**14**	**4,460**	**5,423**	Other borrowings	**13.2**	3,539	3,687
				Other financial liabilities	**13.4**	103	1,294
				Borrowings from group companies and associates	**13.3 and 15**	**4,531**	**4,531**
				Deferred tax liabilities	**14**	**1,140**	**1,404**
				CURRENT LIABILITIES		**5,617**	**5,027**
				Bank borrowings		**3,783**	**3,667**
				Bonds and other marketable securities	**13.1**	3,644	3,528
CURRENT ASSETS		**6,830**	**8,743**	Other borrowings	**13.2**	139	139
Trade and other receivables		**2,357**	**1,270**	**Payables to group companies and associates**	**13.3 and 15**	**748**	**339**
Trade receivables	**9**	2,357	1,270	**Trade and other payables**		**1,086**	**1,021**
Investments in group companies and associates	**7**	**-**	**8**	Other payables	**13.5**	358	413
Loans to companies		-	8	Trade payables to group companies	**13.6**	101	213
Financial investments	**8**	**3,319**	**3,212**	Current tax liabilities	**14**	237	-
Cash and cash equivalents	**10**	**1,154**	**4,253**	Other payables to public administrations	**14**	390	395
TOTAL ASSETS		**39,668**	**40,782**	**TOTAL EQUITY AND LIABILITIES**		**39,668**	**40,782**

The accompanying notes 1 to 23 are an integral part of the consolidated balance sheet at December 31, 2024.

VE Sonnedix Equityco, S.L. and Subsidiaries

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED DECEMBER 31, 2024

(Thousands of euros)

	Notes	Year 2024	Year 2023
CONTINUING OPERATIONS			
Revenue	**16.a**	**10,683**	**10,315**
Cost of sales	**16.b**	**(909)**	**(920)**
Other operating expenses	**16.c**	**(996)**	**(207)**
Depreciation and amortization	**16.d**	**(2,485)**	**(8,470)**
Impairment losses and gains (losses) on disposal of non-current assets	**6**	**(29)**	**(22)**
OPERATING PROFIT		**6,264**	**696**
Finance income	**16.e**	**229**	**71**
Finance income from group companies and associates		111	8
From third parties		118	63
Finance costs		**(2,305)**	**(2,479)**
Finance costs for bonds and other marketable securities	**16.f**	(1,769)	(1,890)
Finance costs with group companies and associates	**15 and 16.f**	(409)	(446)
Other finance costs	**16.f**	(127)	(143)
FINANCE COST		**(2,076)**	**(2,408)**
PROFIT (LOSS) BEFORE TAX		**4,188**	**(1,712)**
Corporate income tax	**14**	(936)	409
PROFIT (LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		**3,252**	**(1,303)**
CONSOLIDATED PROFIT (LOSS) FOR THE YEAR		**3,252**	**(1,303)**

The accompanying notes 1 to 23 are an integral part of the consolidated statement of profit and loss for the year ended 2024.

VE Sonnedix Equityco, S.L. and Subsidiaries

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2024

(Thousands of euros)

	Notes	2024	2023
CONSOLIDATED PROFIT (LOSS) FOR THE YEAR (I)		**3,252**	**(1,303)**
Income and expense recognized directly in equity		-	-
TOTAL INCOME AND EXPENSE RECOGNIZED DIRECTLY IN EQUITY (II)			-
Amounts transferred to the consolidated statement of profit or loss		-	-
TOTAL AMOUNTS TRANSFERRED TO CONSOLIDATED STATEMENT OF PROFIT OR LOSS (III)		-	-
TOTAL RECOGNIZED INCOME AND EXPENSE (I+II+III)		**3,252**	**(1,303)**

The accompanying notes 1 to 23 are an integral part of the consolidated statement of comprehensive income for the year ended December 31, 2024.

VE Sonnedix Equityco, S.L. and Subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2024

(Thousands of euros)

	Share capital (Note 12.a)	Other owner contributions (Note 12.b)	Consolidation reserves	Profit (loss) for the year	Total
BALANCE AT DECEMBER 31, 2022	**3**	**2,659**	**(22,651)**	**(1,126)**	**(21,115)**
Total recognized income and expense	-	-	-	(1,303)	**(1,303)**
Appropriation of 2022 comprehensive income	-	-	(1,126)	1,126	-
Transactions with shareholders:					
Owner contributions	-	57	-	-	**57**
Repayment of owner contributions	-	(393)	-	-	**(393)**
BALANCE AT DECEMBER 31, 2023	**3**	**2,323**	**(23,777)**	**(1,303)**	**(22,754)**
Total recognized income and expense	-	-	-	3,252	**3,252**
Appropriation of 2023 comprehensive income	-	-	(1,303)	1,303	**-**
Transactions with shareholders:					
Owner contributions	-	230	-	-	**230**
BALANCE AT DECEMBER 31, 2024	**3**	**2,553**	**(25,080)**	**3,252**	**(19,272)**

The accompanying notes 1 to 23 are an integral part of the consolidated statement of changes in equity for the year ended December 31, 2024.

VE Sonnedix Equityco, S.L. and Subsidiaries

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2024

(Thousands of euros)

	Notes	Year 2024	Year 2023
CASH FLOWS FROM OPERATING ACTIVITIES		**4,133**	**5,468**
Profit (loss) for the year before tax		**4,188**	**(1,712)**
Adjustments to profit:		**4,590**	**10,900**
- Depreciation and amortization (+)	**16.d**	2,485	8,470
- Gains (losses) from derecognition and disposals of non-current assets		29	22
- Finance income (-)	**16.e**	(229)	(71)
- Finance costs (+)	**16.f**	2,305	2,479
Changes in working capital		**(3,036)**	**(1,646)**
- Inventories		-	10
- Trade and other receivables		(1,087)	(669)
- Trade and other payables		42	(410)
- Other current assets		(107)	(86)
- Other non-current assets and liabilities		(1,884)	(491)
Other cash flows from operating activities		**(1,609)**	**(2,074)**
- Interest and commissions paid		(1,727)	(2,137)
- Interest received		118	63
CASH FLOWS FROM INVESTING ACTIVITIES		**-**	**(747)**
Payments on investments (-)		**-**	**(747)**
- Group companies and associates (-)	**7**	-	(747)
- Property, plant, and equipment (-)		-	-
CASH FLOWS FROM FINANCING ACTIVITIES		**(7,232)**	**(6,578)**
Transactions with shareholders	**12**	**-**	**(393)**
- Repayment of owner contributions (-)		**-**	(393)
- Owner contributions (+)			-
Proceeds from and payments of financial liabilities		**(7,232)**	**(6,185)**
- Repayment and redemption of:			
Borrowings from third parties (-)	**13.1**	(3,528)	(3,417)
Payables to group companies (-)	**13.3 and 15**	(3,449)	(2,513)
Other current payables (lease liabilities) (-)	**13.2**	(255)	(255)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(3,099)**	**(1,857)**
Cash and cash equivalents at January 1	**10**	**4,253**	**6,110**
Cash and cash equivalents at December 31	**10**	**1,154**	**4,253**

The accompanying notes 1 to 23 are an integral part of the consolidated statement of cash flows for the year ended December 31, 2024.

VE Sonnedix Equityco, S.L. and Subsidiaries

Notes to the consolidated financial statements for the year ended December 31, 2024

1. COMPANIES AND ACTIVITIES OF THE GROUP

VE Sonnedix Equityco, S.L. (Sole Shareholder Company) ("VE Sonnedix Equityco, S.L." or "the Parent") and subsidiaries form a Group of companies ("the Group").

VE Sonnedix Equityco, S.L. was incorporated on April 3, 2017 for an indefinite period and registered at the Mercantile Registry on the same date. The sole partner of the Parent at December 31, 2024 and 2023 is VE Sonnedix Luxembourg Holdco 2 SARL.

At December 31, 2024 and 2023, the Parent belonged to a Group of companies (the Sonnedix España Group) whose parent is Sonnedix España, S.L.U., a Spanish company that issues consolidated financial statements and a consolidated management report, and whose registered address is located in Madrid at calle Príncipe de Vergara 108.

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

As indicated in Appendix I, on November 20, 2024, the Parent ratified its decision by public deed to approve the merger by absorption transaction by virtue of which Sonnedix España Holdings 3, S.L. absorbed Sonnedix España SPV VII, S.L., Sonnedix España SPV XVII, S.L., Sonnedix España SPV XIX, S.L., Sonnedix España SPV XX, S.L., Sonnedix España SPV XXVI, S.L., and Parque Eólico De Cubla, S.L., with the dissolution without liquidation of the absorbed companies which transferred all their assets and liabilities en bloc to Sonnedix España Holdings 3, S.L., the legal personality of which remained unaltered, and with the latter thereby acquiring all the rights and obligations of the absorbed companies via universal succession. This merger was filed at the Mercantile Registry on February 10, 2025.

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

Group activity

The Group's corporate purpose consists in the development and promotion of energy projects, including the purchase, sale, import, export, distribution, supply, and marketing of the necessary equipment for the production of electric energy.

The Group's business model is oriented towards the operation of solar energy parks for the generation of electric energy in Spain. The Group currently employs photovoltaic technology. At December 31, 2024 and 2023, the Group's total installed capacity amounted to 18.10 MWp (15.86 MW of nominal capacity).

The Group is at present operating the following solar parks:

Group company	Project	Capacity	Acquisition date	Start-up date	Standard facility code	Location
Sonnedix España Holdings 3, S.L.	La Cubla	3.60	2017	2009	IT-20422	Jaén
Sonnedix España Holdings 3, S.L.	Campillos	1.80	2016	2008	IT-20048	Málaga
Sonnedix España Holdings 3, S.L.	La Herrera	4.00	2016	2008	IT-20062	La Herrera (Murcia)

Sonnedix España Holdings 3, S.L.	Corvera	3.00	2016	2008	IT-20068	Corvera (Murcia)
Sonnedix España Holdings 3, S.L.	Miralcamp	1.00	2016	2008	IT-00058	Miralcamp (Lleida)
Sonnedix España Holdings 3, S.L.	Campo Lugar	1.92	2016	2008	IT-00058	Monforte de Lemos (Lugo)
Sonnedix España Holdings 3, S.L.	Madridanos	0.54	2016	2008	IT-00058	Madridanos (Zamora)
		15.86 MW				

Environmental disclosures

Given the business activities performed by the Group, it has no environmental liabilities, expenses, assets, provisions or contingencies that could be material in respect of its equity, financial position or performance. Consequently, the notes to the accompanying financial statements do not include specific disclosures relating to environmental matters, except for Note 20, which includes disclosure on dismantling provisions.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

2.1 Financial reporting framework applicable to the Group

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

a) the Spanish Code of Commerce and remaining mercantile legislation;

b) International Financial Reporting Standards adopted by the European Union ("IFRS-EU"), with the IFRS in force at December 31, 2024 applicable to the extent adopted by the European Union, in accordance with Regulation (EC) number 1606/2002 of the European Parliament and the Council, taking into account all the mandatory accounting principles and standards as well as measurement criteria which have a significant effect, as well as the alternatives permitted by regulations in this respect;

c) the binding rules approved by the ICAC (Instituto de Contabilidad y Auditoría de Cuentas - Spanish Audit and Accounting Institute) enacting Spanish GAAP and its complementary regulations;

d) the remaining applicable Spanish regulations.

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

2.2 Basis of presentation

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

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

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

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

The accompanying consolidated financial statements for 2024 were prepared by the Parent's sole director and will be submitted for approval by the sole partner within the legally established deadlines. The sole director of the Parent expects them to be approved without any modifications.

On June 30, 2024, the sole partner of VE Sonnedix Equityco, S.L. approved the consolidated financial statements and consolidated management report for 2023, as well as the corporate management policy carried out by the sole director of the Parent during said year.

2.3 True and fair view

The accompanying consolidated financial statements give a true and fair view of the VE Sonnedix Equityco Group's consolidated equity, consolidated results of its operations, changes in consolidated equity, and consolidated cash flows during 2024 and 2023.

2.4 Adoption of IFRS

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

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

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

Standard, interpretation or amendment	**IASB application date**
Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	January 1, 2024
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	January 1, 2024
Supplier Finance Arrangements (Amendments IAS 7 and IFRS 7)	January 1, 2024

The accounting standards used to prepare the accompanying consolidated financial statements are the same as those used to prepare the consolidated financial statements for the year ended December 31, 2023, as none of the standards, interpretations or amendments that are effective for the first time in the current year have had any impact on the Group's accounting policies.

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

Standard, interpretation or amendment	**Date of adoption by the EU**	**Date of application in the EU**	**Date of application by the IASB**
Lack of Exchangeability (Amendments to IAS 21)	November 13, 2024	January 1, 2023	January 1, 2023
Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)	Pending	Pending	January 1, 2026
Contracts for Renewable Electricity (Amendments to IFRS 9 and IFRS 7)	Pending	Pending	January 1, 2026
IFRS 18: Presentation and Disclosure in Financial Statements	Pending	Pending	January 1, 2027

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

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

2.5 Non-mandatory accounting policies applied

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

2.6 Critical issues regarding the measurement and estimation of uncertainties

The accompanying consolidated financial statements were prepared using estimates made by the sole director of the Parent to measure the assets, liabilities, income, expenses, and commitments recognized therein.

Although these estimates were made based on the best information available at 2024 year end, events may occur in the future that require prospective adjustments (upwards or downwards) in subsequent years.

At year end, there are no key assumptions regarding the future, or other relevant information related to the assessment of uncertainty at the reporting date, which entail a considerable risk that the carrying amounts of assets and liabilities may require significant adjustments in the following financial year.

2.7 Comparison of information

For comparative purposes, the information included in the accompanying consolidated financial statements for 2024 is presented with the information relating to 2023.

2.8 Changes in the consolidation scope

There were no changes to the Group's consolidation scope during 2024 and 2023 with respect to the prior year.

2.9 Grouping of items

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

2.10 Consolidation principles

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

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

- The full consolidation method was utilized to consolidate those investees over which the Group has effective control due to holding a majority in their representative and decision-making bodies. At December 31, 2024 and 2023, all of the companies that make up the Group were consolidated under this method.

The full consolidation method

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

- The acquisition by the Parent of control over a subsidiary constitutes a business combination, to be measured using the acquisition method. In subsequent consolidations, the investment-equity of subsidiaries is generally eliminated based on values obtained by applying the acquisition method described below at the date on which control is obtained.

- Business combinations are accounted for using the acquisition method, which requires identification of the acquisition date, calculation of the cost of the combination, and recognition of the identifiable assets acquired and liabilities assumed at their acquisition-date fair values. Consequently, and for certain Group companies, during 2017 and 2016 the Group recognized the fair value of the acquired rights of use (rights not recognized in the individual financial statements of said companies), corresponding to licenses and administrative procedures necessary for development of a project and acquired from third parties. These acquired operating rights correspond to the necessary administrative requirements (concessions, permits, licenses, etc.) which are mandatory for construction and starting up the assets associated with each project. Thus, they are also amortized over the useful life of the project assets.

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

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

a) The carrying amounts of assets, liabilities, and identifiable contingent liabilities, which are recognized or adjusted to complete the initial accounting, shall be calculated as if the fair value as of the acquisition date had been recognized at said date.

b) Goodwill or any gains shall be adjusted, effective from the acquisition date, by an amount equal to the adjustments made to the fair value at said date of the assets, liabilities, or identifiable contingent liabilities being recognized or adjusted.

c) The comparative information presented for the years prior to completing the initial accounting for the business combination shall be presented as if it had been completed at the acquisition date. This includes both additional amortization and depreciation, as well as any other effect recognized in results for the year as a consequence of completing the initial accounting.

The cost of a business combination is the aggregate of:

- the acquisition date fair value of the assets transferred, the liabilities incurred or assumed, and the equity instruments issued; and

- the fair value of any contingent consideration which depends on future events or the fulfillment of predetermined conditions.

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

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

- the cost of the business combination plus the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree; and

- the value of the identifiable assets acquired less the liabilities assumed, determined in the manner described above.

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

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

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

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

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

The accounting principles and procedures applied by the Group companies were standardized in order to present the consolidated financial statements on a consistent basis.

3. REGULATION OF ENERGY PRODUCTION ACTIVITIES FROM RENEWABLE SOURCES

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

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

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

At 2023 year end, the main legislative reference for electricity production was Law 24/2013, of December 26, on the Electricity Sector, which repealed Law 54/1997 of November 27.

The law states that the remuneration system for energy from renewable sources, cogeneration, and waste shall be based on the facilities' necessary participation in the market, supplementing, if necessary, market revenue with specific regulated remuneration so that these technologies can compete on an equal footing with the other technologies in the market.

This specific complementary remuneration shall be sufficient to reach the minimum level required to cover costs that, unlike with conventional technologies, cannot be recovered in the market, thus allowing for reasonable returns based on a standard installation in each applicable case.

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

- a term per unit of installed power to cover the investment costs of a standard installation that cannot be recovered by the sale of energy in the market, and

- a term for the operation to cover the shortfall between operating costs and revenues from participating in the market.

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

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

- standard operating costs, and

- the standard value of the original investment.

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

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

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

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

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

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

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

<u>Royal Decree Law 17/2019</u>

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

General remuneration scheme

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

Exceptional remuneration scheme

Exceptionally, the Royal Decree Law introduces a provision, the purpose of which is to guarantee the possibility, for those owners of electric energy production installations based on renewable energies, cogeneration, and waste who had already been granted prime remuneration when Royal Decree Law 9/2013, of July 12, became effective, and who desire to avail themselves of it voluntarily, that the reasonable return set for the first regulatory period, ended on December 31, 2019, cannot be modified during the two subsequent and consecutive regulatory periods, counting from January 1, 2020.

In other words, those owners who avail themselves of this scheme will maintain a reasonable return on these installations of 7.398% during the 2020-2031 period, greater than the 7.09 % established for the 2020-2025 period, thus avoiding the uncertainty of the 2026-2031 period.

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

The Group availed itself of the aforementioned exceptional remuneration scheme of 7.398% for those installations with respect to which it was not involved in any ongoing arbitration or judicial proceedings prior to accreditation before the General Directorate for Energy and Mining Policy, while for the installations comprising the La Cubla, Campillos, Herrera, and La Corvera projects it applies the general remuneration scheme at 7.09%.

Royal Decree Law 20/2022

On December 28, 2022, Royal Decree Law 20/2022 was published in the BOE, adopting and extending certain measures established in response to the economic and social consequences of the war in Ukraine, addressing situations of social and economic vulnerability, and boosting the economic and social recovery of the La Palma island.

Said Royal Decree Law established that the temporary suspension of the tax on the value of electric energy production ("TVEEP") for the installations that produce and deliver electricity to the electricity system would exceptionally be extended until December 31, 2023.

Thus, in order to calculate the payment installments corresponding to the four quarters of 2023, the value of electric energy produced and dispatched to the electricity system during said periods was zero euros.

Order TED/741/2023

On July 8, 2023, Order TED/741/2023, of June 30, was published for application to the regulatory half-period beginning January 1, 2023, updating the remuneration parameters of standard facilities applicable to certain installations that produce electricity from renewable sources, cogeneration, and waste.

The updated remuneration parameters applied an estimated annual average daily and intra-day market price for electricity amounting to 109.31 €/MWh for 2023, 108.86 €/MWh for 2024, and 89.37 €/MWh for 2025 and subsequent years.

Likewise, the calculation of the new remuneration parameters took the suspension of the TVEEP established in Royal Decree Law 20/2022 into account.

Thus, the new remuneration parameters applicable to the Group’s photovoltaic installations in operation are as follows:

Installation	**Standard facility code**	**Regulatory useful life (years)**	**Investment remuneration 2023-2025 (€/MW)**	**Operation remuneration 2023 (€/MW)**	**Operation remuneration 2024 (€/MW)**	**Operation remuneration 2025 (€/MW)**
La Cubla	IT-20422	30	289,224	-	-	-
Campillos	IT-20048	30	527,584	-	-	1.402
La Herrera	IT-20062	30	471,634	-	-	-
Corvera	IT-20068	30	566,426	-	-	-
Miralcamp	IT-00058	30	646,476	-	-	2.152
Campo Lugar	IT-00058	30	646,476	-	-	2.152
Madridanos	IT-00058	30	646,476	-	-	2.152

Royal Decree Law 8/2023

On December 28, 2023, Royal Decree Law 8/2023, of December 27, was published, adopting measures to confront the economic and social consequences arising out of the conflicts in Ukraine and the Middle East, as well as alleviate the effects of the drought.

Said Royal Decree Law established that taxable income on the value of electric energy production for 2024 corresponds to the total amount receivable by the tax-paying entity for production and incorporation of electric energy in the electricity system, measured in power station busbars, for each installation during the tax period, less half the remuneration corresponding to the electricity incorporated in the system during the first natural quarter, and less a fourth of the remuneration corresponding to the electricity incorporated in the system during the second natural quarter.

Thus, in order to calculate the payment installments corresponding to the four quarters of 2024, the value of electric energy produced and incorporated in the electricity system during the first quarter was 50% and during the second quarter, 75%.

Order TED/353/2024

On April 23, 2024, Order TED/353/2024, of April 11, was published, establishing the parameters which govern remuneration for operation corresponding to the second half of 2023, applicable to certain installations that produce electricity from renewable sources, cogeneration, and waste, while also approving new standard facilities and their corresponding remuneration parameters.

In this Order, a correction was made to Appendix V of the aforementioned Order TED/741/2023 in connection with an error that was detected in the establishment of the upper and lower limits applicable to 2023, 2024, and 2025 for each of the technologies, since said Order indicated that these limits should be multiplied, for each year and technology, by the corresponding real peak coefficients, when in fact the peak coefficients estimated by the CNMC should be used given that these limits are obtained from the estimated electricity market prices for each technology, which was calculated using the corresponding estimated peak coefficient.

CNMC Resolutions INF/DE/019/24 and INF/DE/027/25

Finally, the resolutions published by the CNMC which establish the average annual price for the daily and intra-day markets corresponding to 2023 and 2024 were as follows:

- Resolution INF/DE/019/24, published on January 25, 2024, which established that the annual average price for the daily and intra-day markets corresponding to 2023 amounted to 87.01 €/MWh.

- Resolution INF/DE/027/25, published on January 23, 2025, which established that the annual average price for the daily and intra-day markets corresponding to 2024 amounted to 62.96 €/MWh.

Further, the CNMC also published the definitive annual peak coefficients for each technology in said resolutions, amounting to 0.6672 in 2024 (2023: 0.8287).

4. ACCOUNTING POLICIES AND MEASUREMENT STANDARDS

The main measurement standards utilized by the Group in the preparation of the 2024 and 2023 consolidated financial statements were the following:

a) Intangible assets (Note 5)

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

Operating rights

As stipulated in prevailing international regulations, the Group performed an analysis of the fair values of the assets acquired and liabilities assumed, recognizing the resulting values as the carrying amounts. Thus, as indicated in Note 2.11 to the accompanying consolidated financial statements, the Group recognized the fair value of those operating rights acquired, and not recognized in the balance sheets of the acquired companies, in the consolidated balance sheet (unless the acquiring entity and acquired entity were merged by absorption). In summary, said assets correspond to the acquisition price paid to third parties for development of a project until the acquisition date.

Said assets are amortized on a straight-line basis over the useful life of the assets associated with with corresponding photovoltaic solar power plant.

In 2024, the sole director of the Parent decided to reassess the useful lives of the photovoltaic installations (previously estimated at 18 years), concluding that it was reasonable to increase them up to 25 years counting from the start-up date of the corresponding installation. Thus, starting from January 1, 2024, these assets are amortized on a straight-line basis over a useful life of 25 years counting from their start-up date.

Other intangible assets

In addition, the Group mainly recognized the amounts settled for rights of way in connection with electric energy under this heading. These rights are amortized on a straight-line basis over the contracted term for operations. The Group amortizes its other intangibles assets on a straight-line basis over 35 years.

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

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

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

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

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

In 2024, the sole director of the Parent decided to reassess the useful lives of the photovoltaic installations (previously estimated at 18 years), concluding that it was reasonable to increase them up to 25 years counting from the start-up date of the corresponding installation. Thus, starting from January 1, 2024, these assets are amortized on a straight-line basis over a useful life of 25 years counting from their start-up date.

PP&E items are derecognized as soon as they are disposed of or no longer in use, or when they are no longer expected to generate economic benefits. The difference between the amount which is obtained from a PP&E item and its carrying amount, net of sales costs, determines any gains or losses upon disposal, and is recognized in the consolidated statement of profit and loss for the year to which they relate.

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

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

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

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

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

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

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

d) Leases

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

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

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

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

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

Right-of-use assets are recognized at the inception date of the lease (that is, the date on which the underlying asset is available for use). They are measured at acquisition cost, less any accumulated amortization and impairment losses, and adjusted by any new measurement of lease liabilities. The cost of right-of-use assets includes the carrying amounts of lease liabilities recognized, direct initial costs incurred, and lease payments made prior to or on the lease inception date less the lease incentives received. The right-of-use assets are amortized on a straight-line basis over the term of the lease or, if this is shorter than their estimated useful life and the Group has the unilateral right to extend the lease, over said useful life.

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

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

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

ii. Lease liabilities (Note 13.2)

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

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

When calculating the present value for lease payments, the Group utilizes its lease debt ratio at the inception date as the implicit interest rate of the lease is not easily determined. Subsequent to the inception date, the carrying amounts of lease liabilities are increased to reflect the accumulation of interest, and reduced by the lease payments made. In addition, the carrying amounts of the lease liabilities are remeasured if there is any modification such as a change in the lease term or lease payments (for example, changes in future payments resulting from a change in the index or rate utilized to determine said lease payments) or a change in the evaluation of a purchase option for the underlying asset.

The Group's lease liabilities are included under other non-current and current borrowings in the accompanying consolidated balance sheet. Likewise, these financial liabilities accrue interest which is recognized under "Other finance costs" in the accompanying consolidated statement of profit and loss (Note 16.f).

e) Financial instruments (Notes 7, 8 and 13)

Financial assets

i. Classification

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

i. Debt instruments classified at amortized cost: these items correspond to investments in debt which is held within a business model whose objective is to obtain the contractual cash flows that solely consist of payments of principal and interest, generally measured at amortized cost.

ii. Debt instruments classified at fair value through other comprehensive income: when the debt instruments are held within a business model whose objective is to obtain contractual cash flows consisting of principal and interest as well as the sale of financial assets, generally measured at fair value with changes in other comprehensive income.

iii. Equity instruments designated at fair value through other comprehensive income: these items correspond to equity instruments for which the Group irrevocably opts to present the subsequent changes in fair value in "Other comprehensive income."

iv. Financial assets at fair value through consolidated profit or loss: investments in debt and equity which do not fulfill the requirements to be classified in any of the above categories are measured at fair value through profit or loss.

Thus, at December 31, 2024 and 2023 all the financial assets held by the Group are classified within the category of "Debt instruments classified at amortized cost." The Group classifies the following items under this category:

- Trade receivables whose amortized cost does not significantly differ from their initial nominal or fair value.

- Security deposits and collateral guarantees recognized whose amortized cost does not significantly differ from their nominal value.

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

ii. Initial measurement

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

iii. Subsequent measurement

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

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

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

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

Financial liabilities

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

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

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

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

The fair value of financial instruments recorded as assets or liabilities and not recognized at fair value does not differ significantly from their carrying amount.

f) Cash and cash equivalents (Note 10)

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

g) Corporate income tax (Note 14)

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

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

Deferred tax expense or income corresponds to the recognition and cancellation of deferred tax assets and liabilities. These include the temporary differences, identified as those amounts expected to be payable or recoverable, arising from the difference between the carrying amounts of assets and liabilities and their tax bases, as well as any unused tax loss carryforwards and unused tax credits. These amounts are measured at the tax rates that are expected to apply when the corresponding temporary differences or tax credits are expected to be realized or settled.

Deferred tax liabilities are recognized for all taxable temporary differences, except for those arising from the initial recognition of goodwill or of other assets and liabilities in a transaction that is not a business combination and affects neither accounting profit (loss) nor taxable profit (tax loss), and those associated with investments in subsidiaries, associates, and jointly controlled entities in which the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not be reversed in the foreseeable future.

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

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

Recognized deferred tax assets are reassessed at the end of each reporting period and the appropriate adjustments are made to the extent that doubts have arisen as to their future recoverability. Similarly, at each reporting date, the Group reassesses deferred tax assets not recognized in the consolidated balance sheet, subsequently recognizing them to the extent that it has become probable that taxable profit will be available against which they can be utilized.

From January 1, 2018 the Group companies started to file their tax returns under the special tax consolidation regime regulated by Law 27/2014, of November 27, on corporate income tax, Chapter VI, with VE Sonnedix Equityco, S.L. (Sole Shareholder Company) as the tax representative of the tax group made up of all the companies listed in Appendix I, except for those subsidiaries whose tax address is outside Spanish territory (only the Luxembourg company VE Sonnedix Finance, S.A.), which file tax returns individually in accordance with the applicable tax regulations.

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

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

h) Income and expenses (Note 16)

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

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

Interest income on financial assets is recognized using the effective interest rate method, while dividends are recognized when the right to receive them is established.

At any rate, interest and dividend income accrued on financial assets after their date of acquisition is recognized as revenue in the consolidated statement of profit and loss.

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

i) Provisions and contingencies (Note 20)

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

- Provisions: liabilities recognized to cover a present obligation arising from past events, of uncertain timing and/or amount, the settlement of which is expected to result in an outflow of resources embodying economic benefits.

- Contingent liabilities: possible obligations that arise as a consequence of past events, future materialization of which depends on one or more future events occurring not within the control of the Group.

The consolidated balance sheet includes all provisions for which it is considered more likely than not that the corresponding obligation will have to be settled. Contingent liabilities are not recognized in the consolidated balance sheet, but rather are disclosed in the accompanying notes, unless the possibility of an outflow in settlement is considered to be remote.

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

j) Environmental assets and liabilities

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

The Group's activities, by their very nature, do not have a significant impact on the environment. In sum, given the business activities performed by the Group, it has no environmental liabilities, expenses, assets, provisions or contingencies that could be material in respect of its equity, financial position or performance. Therefore, no specific disclosures relating to environmental issues are included in these notes to the accompanying consolidated financial statements, except for those relating to the provision described in Note 20.

k) Transactions with related parties (Note 15)

The Group conducts all related-party transactions on an arm’s length basis. In addition, transfer prices are duly documented so that the Parent’s sole director considers that there are no related significant risks that could give rise to material liabilities in the future. The transactions carried out with Group companies were eliminated upon consolidation.

l) Current and non-current balances

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

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

m) Information by segments (Note 21)

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

n) Consolidated cash flow statement

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

- Cash flows: inflows and outflows of cash and cash equivalents, which are short-term and highly liquid investments subject to insignificant risk of changes in value

- Operating activities: the principal revenue-producing activities of the Group and other activities that cannot be classified as investments or financing

- Investing activities: the acquisition, sale or other disposal of long-term assets and other investments not included in cash and cash equivalents

- Financing activities: activities resulting in changes in the size and composition of equity and liabilities that do not form part of operating activities.

o) Consolidated statement of changes in equity

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

Consolidated statement of comprehensive income

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

Accordingly, these statements present:

a) Profit as per the consolidated statement of profit or loss

b) Income and expenses which must be directly recognized in consolidated equity as required by measurement standards

c) The transfers made to the consolidated statement of profit or loss, in keeping with adopted measurement standards

d) The corresponding tax effect, if any, of the letters b) and c) above

e) Total recognized income and expense, this being the sum of all the above.

Consolidated statement of changes in equity

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

a) Total recognized income and expense: shows the aggregate total of the aforementioned items recognized in the consolidated statement of comprehensive income

b) Transactions with shareholders: shows the changes in consolidated equity arising from subscriptions and redemptions carried out, if any, during the year

c) Other changes in equity: shows the remaining items recognized in consolidated equity, such as appropriation of results, transfers among equity items, and any other increase or decrease in consolidated equity.

5. INTANGIBLE ASSETS

The heading "Operating rights" in the accompanying consolidated balance sheet records the net cost of operating rights acquired by both acquisition of companies as well as the purchase of associated photovoltaic installations, amounting to 2,386 thousand euros at December 31, 2024 (2023: 2,658 thousand euros).

Likewise, "Other intangible assets" records the intangible asset corresponding to rights-of-way in connection with the land on which the photovoltaic installation of the Campillos project is located, amounting to 150 thousand and 158 thousand euros at 2024 and 2023 year end, respectively.

Finally, and in accordance with the stipulations of IFRS 16, the Group's consolidated balance sheet includes the right-of-use assets arising from the lease agreements for the land not owned by the Group on which the photovoltaic installations are located. The amount recognized by the Group decreased to 3,381 thousand euros at December 31, 2024 (2023: 3,569 thousand euros).

Thus, the breakdown for this heading in the consolidated balance sheet, as well as a summary of transactions carried out during 2024 and 2023, follows:

2024

	Thousands of euros			
	Opening balance	Additions	Derecognitions	Closing balance
Cost:				
Operating rights	10,271	-	-	10,271
Right-of-use in leases (Note 2.4)	4,462	-	-	4,462
Other intangible assets	216	-	-	216
Total cost:	**14,949**	**-**	**-**	**14,949**
Accumulated amortization				
Operating rights	(7,613)	(272)	-	(7,885)
Right-of-use in leases	(893)	(188)	-	(1,081)
Other intangible assets	(58)	(8)	-	(66)
Total accumulated amortization	**(8,564)**	**(468)**	**-**	**(9,032)**
Impairment losses	-	-	-	-
Total intangible assets (net)	**6,385**	**(468)**	**-**	**5,917**

2023

	Thousands of euros			
	Opening balance	Additions	Derecognitions	Closing balance
Cost:				
Operating rights	10,271	-	-	10,271
Right-of-use in leases	4,462	-	-	4,462
Other intangible assets	216	-	-	216
Total cost	**14,949**	**-**	**-**	**14,949**
Accumulated amortization:				
Operating rights	(6,549)	(1,064)	-	(7,613)
Right-of-use in leases	(714)	(179)	-	(893)
Other intangible assets	(50)	(8)	-	(58)
Total accumulated amortization	**(7,313)**	**(1,251)**	**-**	**(8,564)**
Impairment losses	-	-	-	-
Total intangible assets (net)	**7,636**	**(1,251)**	**-**	**6,385**

a) Amortization and impairment

The charge to the consolidated statement of profit and loss for 2024 corresponding to amortization of intangible assets decreased to 468 thousand euros (2023: 1,251 thousand euros) (Note 16.d).

At December 31, 2024 and 2023, the Group assessed its intangible assets for the presence of any indications, both external as well as internal, which would require the performance of an impairment test. Subsequent to this analysis, the sole director of the Parent considered that no such indications were detected, thus concluding that there was no need to review the carrying amounts of intangible assets or perform any related impairment tests.

At 2024 and 2023 year end, the Group had not fully amortized any of its intangible assets.

b) Other information

The operating rights recognized in the accompanying consolidated balance sheet represent the fair value of the acquired operating rights.

At December 31, 2024 and 2023, the Group does not have any intangible assets in progress.

All of the Group's intangible assets are directly associated with operations at December 31, 2024 and 2023.

At December 31, 2024 and 2023 there were no intangible assets encumbered by guarantees, and neither had the Group received any subsidies for acquisition of the assets recognized.

Finally, at 2024 and 2023 year end the Group had no investment commitments with respect to intangible assets.

6. PROPERTY, PLANT, AND EQUIPMENT

The breakdown for this heading in the consolidated balance sheet, as well as a summary of transactions carried out during 2024 and 2023, follows:

2024

	Thousands of euros				
	Opening balance	Additions (Note 16.d)	Retirements	Transfers	Closing balance
Cost:					
Land and buildings	71	-	-	-	71
Plant	69,994	118	(266)	-	69,846
Total cost:	**70,065**	**118**	**(266)**	**-**	**69,917**
Accumulated depreciation					
Plant	(50,586)	(2,017)	237	-	(52,366)
Total accumulated depreciation	**(50,586)**	**(2,017)**	**237**	**-**	**(52,366)**
Impairment losses	**-**	**-**	**-**	**-**	**-**
Total net PP&E	**19,479**	**(1,899)**	**(29)**		**17,551**

2023

	Thousands of euros				
	Opening balance	Additions (Note 16.d)	Retirements	Transfers	Closing balance
Cost:					
Land and buildings	71	-	-	-	71
Plant	69,887	230	(123)	-	69,994
Total cost	**69,958**	**230**	**(123)**	-	**70,065**
Accumulated depreciation:					
Plant	(43,468)	(7,219)	101	-	(50,586)
Total accumulated depreciation	**(43,468)**	**(7,219)**	**101**	-	**(50,586)**
Total net PP&E	**26,490**	**(6,989)**	**(22)**	-	**19,479**

The heading for "Plant" in the accompanying consolidated balance sheet mainly reflects the cost of the photovoltaic solar power plants disclosed in Note 1 to the accompanying consolidated financial statements.

In addition, the Group recognized the cost of the land on which the photovoltaic installation of the Madridanos project is located under "Land and buildings."

a) Additions and derecognitions of PP&E items

During 2024, the Group recognized additions to PP&E amounting to 118 thousand euros (2023: 230 thousand euros), mainly corresponding to replacements of inverters at the La Cubla, Campillos, La Herrera and Campo installations, as well as security systems, mainly for the Campo Lugar power plant.

The derecognitions during 2024 correspond to the replacement of technical installations in connection with the improvements carried out at the aforementioned photovoltaic installations, amounting to a total net balance of 29 thousand euros (2023: 22 thousand euros). The Parent derecognized those PP&E items from its consolidated balance sheet which had been retired, leading to a loss of 29 thousand euros in the consolidated statement of profit or loss for 2024 (2023: 22 thousand euros).

b) Depreciation and impairment losses

The charges to the consolidated statement of profit and loss for 2024 corresponding to depreciation of PP&E decreased to 2,017 thousand euros (2023: 7,219 thousand euros) (Note 16.d).

At December 31, 2024 and 2023, the Group assessed its PP&E for the presence of any indications, both external as well as internal, which would require the performance of an impairment test. Subsequent to this analysis, the sole director of the Parent considered that no such indications were detected, thus concluding that there was no need to review the carrying amounts of PP&E items or perform any related impairment tests at December 31, 2024 and 2023.

At 2024 and 2023 year end, the Group had not fully depreciated any significant PP&E items.

c) Other information

At December 31, 2022 and 2023, the Group did not recognize any work in progress for any of its PP&E items.

All of the Group's PP&E items are located in Spain and are directly associated with operations at December 31, 2024 and 2023.

At 2024 and 2023 year end the Group had no significant investment commitments with respect to PP&E.

It is the Group's policy to subscribe insurance policies to cover the potential risks to which its PP&E items are exposed. At 2024 and 2023 year end, the potential risks were fully covered by the contracted insurance.

7. LOANS TO GROUP COMPANIES AND ASSOCIATES

The breakdown of loans to Group companies and associates recognized under the non-current consolidated balance sheet heading for investments in Group companies and associates at December 31, 2024 and 2023 is as follows:

	Thousands of euros	
	2024	2023
Non-current financial assets:		
<u>Investments in group companies and associates</u> (Note 15)		
Loans to companies (nominal amount)	4,196	747
Loans to companies (accrued interest pending collection)	119	-
Current financial assets:		
<u>Investments in group companies and associates</u> (Note 15)		
Loans to companies (accrued interest pending collection)	-	8
	4,315	**755**

<u>Loans granted to the sole partner</u>

The loans granted by the Group to its sole partner at December 31, 2024 and 2023 are broken down below together with their main characteristics:

Borrower	Non-current and current investments in group companies and associates - Loans to companies				
		2024	2023		
	Issue date	Principal (thousands of euros)		Maturity date	Interest rate
Sonnedix Holdco Spain B.V.	9/7/2023	747	747	9/7/2042	3.509%
Sonnedix Holdco Spain B.V.	3/4/2024	2,489	-	3/4/2043	3.509%
Sonnedix Holdco Spain B.V.	9/5/2024	960	-	9/5/2043	3.509%
Accrued interest not capitalized		119	8		
		4,315	**755**		

At December 31, 2024, the Group recognized non-current accrued interest pending collection at said date in connection with the financing granted to its sole partner, amounting to 119 thousand euros, given that, as stipulated in the financing contracts, said interest is payable at maturity (Notes 15.2 and 16.e).

8. NON-CURRENT AND CURRENT FINANCIAL INVESTMENTS

The breakdown of financial investments (assets) at December 31, 2024 and 2023 is as follows:

	Thousands of euros			
	2024		2023	
	Non-current financial instruments	Current financial instruments	Non-current financial instruments	Current financial instruments
Security deposits and guarantees	42	-	5	-
Other financial assets	553	3,319	-	3,312
	595	**3,319**	**5**	**3,312**

Other non-current financial assets

Article 22 of Royal Decree 413/204 establishes a mechanism for adjusting regulated remuneration in connection with deviations from the estimated electricity market prices (Note 4).

Pursuant to this article, at December 31, 2024 the Parent recognized a non-current balance of 553 thousand euros under "Other financial assets" in the consolidated balance sheet, corresponding to the adjustment for the remuneration to be received (2023: 1,294 thousand euros, recognized under "Other financial liabilities") (Note 13.4)). Said amount arises from the difference between the market price estimated by the CNMC for calculating the remuneration parameters for each regulatory half-period and the real market price of energy. The Parent has decided to recognize the entire amount under non-current assets in the consolidated balance sheet as the amount to be settled in the short term is not material and the final amount will be determined at the end of the regulatory useful life of each installation.

Current financial investments:

At December 31, 2024, the Parent recognized a balance of 3,319 thousand euros under "Current assets - Financial investments" in the consolidated balance sheet (2023: 3,212 thousand euros), corresponding to the balances held with financial entities which constitute a "Debt Service Reserve Fund" and a "Maintenance Reserve Fund."

Said items represent the restricted cash balances which will be maintained by the subsidiaries in accordance with the requirements established in the framework contracts for the secured bond issue ("Céfalo Bond") as a guarantee for payments to be made in the coming months (Note 13.1). The aforementioned restricted accounts bear interest at market rates.

9. TRADE RECEIVABLES

At December 31, 2024, "Trade receivables" reflects the amount owed as a consequence of selling electric energy produced at the solar power plants, amounting to 2,357 thousand euros (2023: 1,270 thousand euros). The collection of said amounts will be made over the coming 12 months.

During 2023, the CNMC regularized the settlements corresponding to the Cubla and Campillos projects, which had availed themselves of the general remuneration scheme (Note 4). At December 31, 2023, the balance recognized under "Trade and other receivables" is presented net of the amount pending regularization for the Herrera and Corvera projects, which also availed themselves of the general remuneration scheme.

At December 31, 2024 and 2023, no impairment losses were recognized on these accounts receivable.

10. CASH AND CASH EQUIVALENTS

The breakdown of this consolidated balance sheet heading at December 31, 2024 and 2023 is as follows:

	Thousands of euros	
	2024	2023
Cash and cash equivalents	1,154	4,253
	1,154	**4,253**

This heading of the consolidated balance sheet includes cash in hand, sight deposits, and other highly liquid short-term investments which mature in less than 3 months, can be readily converted into cash, and are not exposed to the risk of changes in value, except for the cash balances recognized for projects in the operational stage (Note 8).

As a general rule, the cash balances accumulated bear interest at market rates. There are no significant restrictions regarding availability of cash.

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

11. FINANCIAL RISK MANAGEMENT POLICY

To manage its financial risk, the Group uses economic forecasts to review its business plans and evaluate the relationship between the risk exposure and present value of cash flows generated by an investment, as well as taking an accounting approach to assess the various risk situations dynamically and statically.

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

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

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

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

a) Liquidity risk

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

The Group manages liquidity risk by maintaining sufficient cash balances to enable it to negotiate upcoming refinancing agreements on the best possible terms and to cover its short-term cash outlays, thereby avoiding the need to raise funds on disadvantageous terms.

Liquidity risk coverage is considered adequate when the Group can avail itself of a minimum amount of available financing equivalent to six months of debt servicing.

b) Credit risk

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

The Group held accounts receivable from highly solvent companies during 2024 and 2023, such as:

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

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

  At December 31, 2024, the CNMC settled 88.29% of the specific regulated remuneration for investment and operation accrued until the month of October based on the remuneration parameters established for 2024 in Order TED/741/2023 (Note 4).

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

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

c) *Other market risks: price risk*

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

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

12. EQUITY

a) *Share capital*

At December 31, 2024 and 2023, VE Sonnedix Luxembourg Holdco 2 SARL is the sole partner of VE Sonnedix Equityco, S.L. The share capital of the Parent totals 3 thousand euros, represented by 3,000 participation units at a nominal value of one euro each.

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

b) *Other owner contributions*

In 2024, Sonnedix Luxembourg Holdco 2 SARL made a contribution to VE Sonnedix España Equityco, S.L. amounting to 230 thousand euros (2023: 57 thousand euros), executed by forgiving a balance owed to the sole partner which had been generated as a consequence of payments made on behalf of the Parent in connection with improvements carried out by the Group to some of its photovoltaic plants.

On March 7, 2023, the sole partner approved a reimbursement of contributions amounting to 393 thousand euros.

13. FINANCIAL LIABILITIES

The breakdown of the Group's financial liabilities at December 31, 2024 and 2023 is as follows:

	Thousands of euros	
	2024	2023
Non-current financial liabilities:		
Trade and other payables:		
Bonds and other marketable securities (Note 13.1)	43,533	47,129
Bonds and other marketable securities (principal)	*43,842*	*47,487*
Arrangement fees	(309)	*(358)*
Other borrowings (Note 13.2)	3,539	3,687
Borrowings from group companies and associates (Notes 13.3 and 15)	4,531	4,531
Other financial liabilities (Note 13.4)	103	1,294
	51,707	**56,641**
Current financial liabilities:		
Trade and other payables:		
Bonds and other marketable securities (Note 13.1)	3,644	3,528
Other borrowings (Note 13.2)	139	139
Payables to group companies and associates (interest) (Notes 13.3 and 15)	748	339
Other payables (Note 13.5)	358	413
Trade payables to group companies (Note 13.6)	101	213
	4,990	**4,632**

13.1 Bonds and other marketable securities

On July 20, 2017, VE Sonnedix Finance, S.A. agreed upon a secured bond issue ("Céfalo Bond"), mainly used to refinance the debts of Group companies. With the funds obtained on that same day, the Group's subsidiaries canceled the financing contracts effective until that date with Caixabank, a financial entity.

The face value of the issue amounted to 74,000 thousand euros, set to mature on December 31, 2036 with repayments to be made every six months. The bond bears interest at an annual nominal rate of 3.429%, repayable on a six-monthly basis. The first principal and interest payments were settled on January 2, 2018. Subsequent payments fall due on June 30 and December 31 of each year.

The interest accrued by the Group corresponding to the Céfalo Bond financing during 2024 amounted to 1,720 thousand euros (2023: 1,838 thousand euros). All of this amount was settled at December 31, 2024, with the Group companies consequently not recognizing accrued interest payable at year end (Note 16.f).

Likewise, during 2024 the Group amortized principal on the Céfalo Bond in the amount of 3,528 thousand euros (2023: 3,417 thousand euros).

The participation units of the Parent have been pledged in guarantee of the obligations arising from the bond issue, making it liable in respect of the full amount of its equity. The bond issue deed establishes early repayment clauses in the event of any non-payment, unless non-payment is due to administrative reasons and payment is made within 3 business days subsequent to the amortization date, or in the event of the debt service coverage ratio for all companies financed with the bond falling below 1.05x.

During 2024 and 2023, the Group complied with the minimum financial ratios established in the bond issue contract.

The breakdown by maturity of financial debt at December 31, 2024 and 2023 is as follows:

2024

	Thousands of euros						
	2025	2026	2027	2028	2029	2030 and beyond	Total
Bonds and other	3,644	3,766	3,891	4,013	3,982	28,190	47,486
	3,644	**3,766**	**3,891**	**4,013**	**3,982**	**28,190**	**47,486**

2023

	Thousands of euros						
	2024	2025	2026	2027	2028	2029 and beyond	Total
Bonds and other	3,528	3,644	3,766	3,891	4,013	32,173	51,015
	3,528	**3,644**	**3,766**	**3,891**	**4,013**	**32,173**	**51,015**

13.2 Other non-current and current borrowings

The breakdown of the Group's other non-current and current financial debt at 2024 and 2023 year end is as follows:

	Thousands of euros	
	2024	**2023**
Other non-current borrowings	3,539	3,687
Other current borrowings	139	139
	3,678	**3,826**

In accordance with IFRS 16, at 2024 year end the Group recognized a total amount of 3,678 thousand euros (2023: 3,826 thousand euros) under the consolidated balance sheet headings for non-current and current financial debt corresponding to the lease agreements.

The movements in liabilities recognized due to application of IFRS 16 at December 31, 2024 and 2023 are as follows:

	Thousands of euros				
	12/31/2024				
	Balance at 1/1/2024	Additions due to new contracts	Financial discounting (Note 16.f)	Rental payments	Balance at 12/31/2024
Lease liabilities	3,826	-	107	(255)	3,678
	3,826	**-**	**107**	**(255)**	**3,678**

	Thousands of euros				
	12/31/2023				
	Balance at 1/1/2023	Additions due to new contracts	Financial discounting (Note 16.f)	Rental payments	Balance at 12/31/2023
Lease liabilities	3,960	-	121	(255)	3,826
	3,960	**-**	**121**	**(255)**	**3,826**

13.3 Non-current and current borrowings from group companies and associates (Note 15)

Borrowings from Sonnedix Holdco Spain B.V.

At December 31, 2024 and 2023, the nominal amount pending payment to Sonnedix Holdco Spain B.V. amounts to 4,531 thousand euros.

During 2023, the Group partially amortized the principal on said loans in the amount of 2,514 thousand euros.

In addition, the Group recognized current interest accrued and pending settlement at December 31, 2024 and 2023 in the amount of 748 thousand and 339 thousand euros, respectively. During 2023, the Group settled interest payments in an amount of 298 thousand euros.

13.4 Other non-current financial liabilities

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

By virtue of said article, at December 31, 2023 the Group recognized a balance of 1,294 thousand euros under "Other financial liabilities" in the accompanying consolidated balance sheet corresponding to the remuneration adjustment (payable), while a balance of 553 thousand euros was recognized under “Other financial assets” (Note 8) at December 31, 2024 corresponding to the remuneration adjustment receivable, which will be offset over the remaining regulatory useful life of the assets. Said amount arises from the difference between the market price estimated by the CNMC for calculating the remuneration parameters for each regulatory half-period and the real market price of energy. The Group decided to recognize the entire amount under non-current liabilities in the consolidated balance sheet as the amount to be settled in the short term is not material and the final amount will be determined at the end of the regulatory useful life of each installation.

13.5 Other payables

At December 31, 2024, the Group recognized an amount of 358 thousand euros (2023: 413 thousand euros) under "Trade and other payables - Other payables" in the accompanying consolidated balance sheet, mainly corresponding to the amounts payable to third parties for services received in connection with tax, technical, and legal matters, as well as audit fees.

13.6 Trade payables to group companies

At December 31, 2024, the Group recognized a balance of 101 thousand euros (2023: 213 thousand euros) under "Trade payables to group companies and associates" in the accompanying balance sheet, corresponding to the amounts owed to the group company Sonnedix España Services, S.L. for the additions to fixed assets relating to the improvements performed at some of the Group's photovoltaic power plants (Note 6).

13.7 Information on average payment periods for suppliers

On February 4, 2016, the ICAC published its Resolution of January 29, 2016 on information to be included in the notes to the financial statements in connection with the average supplier payment periods in commercial transactions, the objective of which is to comply with the expressly stated obligations in Law 31/2014, of December 3.

This section was updated with the requirements of Law 18/2022, of September 28, on company creation and growth, so that in addition to the average payment period for suppliers, the monetary volume and number of invoices paid within the maximum period provided for in late payment regulations as well as the corresponding percentages these items represent over the total monetary payments to suppliers and total number of invoices, must also be disclosed.

The average supplier payment periods as reported by the Group for 2024 and 2023 were as follows:

	2024	2023
	Days	
Average supplier payment period	35	39
Ratio of transactions paid	35	39
Ratio of transactions pending payment	16	171
	Amount (Thousands of euros)	
Total payments made	1,216	1,489
Total pending payments	6	219
Monetary volume of invoices paid within the maximum period allowed for by late payment regulations	797	1,031
Percentage of payments made within the maximum period over total payments made	65%	60%
	Number of invoices	
Invoices paid within the maximum period allowed for by late payment regulations	275	262
Percentage over total invoicing	79%	74%

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

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

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

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

The maximum legal period applicable to the Group companies in 2024 and 2023 in accordance with Law 3/2004 of December 29, establishing measures on combating late payment in commercial transactions, is 30 natural days unless otherwise agreed upon by the involved parties, who can also choose to increase said period up to a maximum of 60 natural days.

14. TAXES

From January 1, 2018, the Group companies file their tax returns under a consolidated tax regime, with VE Sonnedix Equityco, S.L. (Sole Shareholder Company) as tax representative of the tax group comprising all companies listed in Appendix I, with the exception of VE Sonnedix Finance, S.A., which given its registered tax address located outside Spanish territory settles its tax returns individually in accordance with the applicable tax regulations.

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

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

14.1 Balances with public administrations

The breakdown of non-current and current balances with public administrations is as follows:

Receivable balances

	Thousands of euros	
	2024	2023
Deferred tax assets	4,460	5,423
Total non-current	**4,460**	**5,423**

Payable balances

	Thousands of euros	
	2024	2023
Deferred tax liabilities	1,140	1,404
Total non-current	**1,140**	**1,404**
VAT payable to the tax authorities	356	395
Other taxes payable to the tax authorities	34	-
Corporate income tax payable to the tax authorities	237	-
Total current	**627**	**395**

14.2 Reconciliation of taxable income (tax result) and corporate income tax expense

The reconciliation of taxable income (tax result) and corporate income tax expense for 2024 and 2023 is as follows:

	Thousands of euros	
	2024	2023
Consolidated profit (loss) for the Group before tax	**4,188**	**(1,712)**
Permanent differences and consolidation adjustments	**18**	**11**
Temporary differences:		
Non-deductible finance expenses	(588)	(400)
Amortization of operating rights	217	830
Non-deductible amortization/depreciation	(76)	(76)
Accelerated tax amortization/depreciation	836	1,314
Tax impact of IFRS 16	40	44
Preliminary taxable income	**4,635**	**11**
Adjustment of tax loss carryforwards (Law 38/2022)	151	410
Application of tax loss carryforwards recognized in prior years	(3,375)	(482)
Taxable income (Tax result)	**1,412**	**(62)**
Theoretical tax rate calculated at 25%	**(353)**	**15**
Application of deductions not recognized	**116**	**-**
Tax payable (current corporate income tax expense of the Group)	**(237)**	**15**
Impact of temporary differences:		
Non-deductible finance expenses	(147)	(100)
Amortization of operating rights	54	208
Non-deductible amortization/depreciation	(20)	(19)
Accelerated tax amortization/depreciation	210	329
Tax impact of IFRS 16	10	11
Adjustment due to tax rate for companies not included in the tax consolidation	38	102
Application of tax loss carryforwards recognized in prior years	(844)	(122)
Tax loss carryforwards generated during the year (not recognized)	-	(15)
Total income (expense) for corporate income tax	**(936)**	**409**

The temporary differences recognized correspond to the following:

- The non-deductible amortization arising from the restatement of intangible assets (operating rights) as a consequence of the mergers carried out in previous years, on the basis of which the Parent recognized the consolidated values of the photovoltaic projects, which were greater than their historical acquisition cost.

- The deductibility of amortization/depreciation arising from approval on December 27, 2012 of Royal Decree Law 16/2012, introducing a temporary measure, which limits tax deductible amortization/depreciation for the 2013 and 2014 tax periods, for those entities which, during said tax periods, do not fulfill the requirements established in sections 1, 2 or 3 of article 108 of the revised text of the Corporation Tax Law, approved by Royal Legislative Decree 4/2004, of March 5. In accordance with said regulation, up to 70% of the amortization/depreciation will be deducted from the tax base that would have been tax deductible had said percentage not been applied, in accordance with sections 1 and 4 of article 11 of said law.

  Accounting amortization and depreciation that is not tax deductible by virtue of the provisions established in said article will be deducted on a straight-line basis over 10 years or, optionally, over the useful life of the asset, counted from the first tax period commencing during 2015.

- The accelerated tax amortization/depreciation which the subsidiary Sonnedix España Holdings 3, S.L. availed itself of by virtue of the provisions established in Law 4/2008 of December 23.

- The limitations to deductibility of finance expenses included in Royal Decree Law 12/2012, of March 30, subsequently modified by Royal Decree Law 20/2012, which established a limit to deductible finance expenses amounting to 30% of operational profit (defined in the aforementioned Royal Decree Law: basically the operating profit increased by the recognized amortization/depreciation) or one million euros. At any rate, the first million euros will always be tax deductible.

- The tax effect arising from the Group adopting IFRS 16 (*Leases*) in 2019.

- The application of tax losses generated in prior years by Group companies.

- The limitation to 50% of the individual tax loss carryforwards for each of the companies which make up the tax group, included in Law 38/2022, for the tax periods which commenced in 2023. The amount to which the tax loss carryforwards are limited will be recovered in the tax group's tax base via negative adjustments amounting to one tenth of the corresponding balance for each of the first ten tax periods starting from January 1, 2024.

The deductions applied to corporate income tax in 2024 mainly correspond to those provided for in article DT 37.1 amounting to 26 thousand euros, and to environmental deductions amounting to 90 thousand euros, in compliance with applicable regulations and with a view to adequately reflecting the tax incentives used by the tax Group.

The reconciliation of taxable income and the current balance at year end is as follows:

	Thousands of euros	
	2024	2023
Taxable income (Tax result)	1,412	(62)
Theoretical tax rate calculated at 25%	(353)	15
Application of deductions	116	-
Current tax receivable from / payable to the tax authorities	(237)	15
Current tax assets (liabilities)	**(237)**	**15**

14.3 Deferred tax assets and liabilities

The breakdown of these consolidated balance sheet headings at 2024 and 2023 year end is as follows:

Deferred tax assets

The movements in deferred tax assets during 2024 and 2023 are as follows:

	Thousands of euros			
	2023	Additions	Derecognitions	2024
Non-deductible amortization/depreciation	20	-	(20)	-
Tax losses pending application	4,222	-	(844)	3,378
Adjustment of tax loss carryforwards (Law 38/2022)	102	38	-	140
Non-deductible finance expenses	1,015	-	(147)	868
Tax impact of IFRS 16	64	10	-	74
	5,423	**48**	**(1,011)**	**4,460**

	Thousands of euros			
	2022	Additions	Derecognitions	2023
Non-deductible amortization/depreciation	39	-	(19)	20
Tax losses pending application	4,344		(122)	4,222
Adjustment of tax loss carryforwards (Law 38/2022)	-	102	-	102
Non-deductible finance expenses	1,115	-	(100)	1,015
Tax impact of IFRS 16	53	11	-	64
	5,551	**113**	**(241)**	**5,423**

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

Deferred tax liabilities

The movements during 2024 in the deferred tax liabilities described above are as follows:

	Thousands of euros			
	2023	Additions	Derecognitions	2024
Accelerated tax amortization/depreciation	890	-	(210)	680
Temporary differences (operating rights)	514	-	(54)	460
	1,404	**-**	**(264)**	**1,140**

	Thousands of euros			
	2022	Additions	Derecognitions	2023
Accelerated tax amortization/depreciation	1,219	-	(329)	890
Temporary differences (operating rights)	722	-	(208)	514
	1,941	**-**	**(537)**	**1,404**

The heading for deferred tax liabilities in the balance sheet reflects the following:

- The amounts recognized as a consequence of the applicability of tax amortization/depreciation.

- The deferred tax recognized as a consequence of assigning the difference between the amount paid for the acquisitions performed and the net assets acquired, recognized as a greater amount for intangible assets with a defined useful life (operating rights; Note 5). The reversal of these deferred tax liabilities will be carried out during the useful life of the assets associated with said rights.

14.5 Deferred tax assets not recognized

The breakdown for deferred tax assets not recognized (at the tax rate) at December 31, 2024 and 2023 is as follows:

Year generated	Last year for utilization	2024	2023
Deductions relating to environmental matters			
2008	2023	3,168	3,258
2010	2025	335	335
		3,503	**3,593**

14.6 Years open to tax verification and tax inspections

In accordance with prevailing tax legislation, tax returns cannot be considered final until they have been inspected by the tax authorities, or until the four-year inspection period has elapsed. The sole director of the Parent considers that all aforementioned applicable taxes have been duly filed so that even in the event of discrepancies in the interpretation of prevailing legislation regarding the tax treatment of operations, any liabilities that may arise would not significantly affect the accompanying consolidated balance sheet.

15. TRANSACTIONS WITH RELATED PARTIES

15.1 Transactions with related parties

The breakdown of transactions performed with related parties during 2024 and 2023 is as follows:

	Thousands of euros	
	2024	2023
Cost of sales (Note 16.b)	(798)	(769)
Finance income from group companies and associates (Note 16.e)	111	8
Finance costs with group companies and associates (Note 16.f)	(409)	(446)

The breakdown of finance costs accrued during 2024 and 2023, by Group company, is as follows:

	Thousands of euros	
	2024	2023
Sonnedix España Holdings 3, S.L. (formerly called Sonnedix España SPV XVII, S.L.)	251	262
Sonnedix España Holdings 3, S.L. (formerly called Sonnedix España SPV XIX, S.L.)	97	97
Sonnedix España Holdings 3, S.L. (formerly called, Parque Eólico de Cubla, S.L.)	61	86
	409	**446**

In addition, "Cost of sales" includes recognition of the expenses accrued during 2024 for the operating and maintenance services invoiced by the related party Sonnedix España Services, S.L., amounting to 798 thousand euros (2023: 769 thousand euros) by virtue of the contracts signed. Said contracts established a fixed annual cost per MW of installed nominal capacity.

15.2 Balances with related parties

The breakdown of the balances with related parties recognized in the consolidated balance sheet at December 31, 2024 and 2023 is as follows:

	12/31/2024		12/31/2023	
Thousands of euros	Non-current borrowings from group companies	Current borrowings from group companies	Non-current borrowings from group companies	Current borrowings from group companies
Loans to group companies	4,315	-	747	8
	4,315	**-**	**747**	**8**
Borrowings from group companies	4,531	748	4,531	339
Trade payables to group companies	-	101	-	12
	4,531	**849**	**4,531**	**351**

Loans to related parties

The breakdown of non-current loans to related parties at 2024 and 2023 year end corresponds to the loans granted to Sonnedix Holdco Spain B.V. (Note 7).

Borrower	Non-current investments in group companies and associates - Loans to companies				
		2024	2023		
	Issue date	Principal (thousands of euros)		Maturity date	Interest rate
Sonnedix Holdco Spain B.V.	9/7/2023	747	747	9/7/2042	3.509%
Sonnedix Holdco Spain B.V.	3/4/2024	2,489	-	3/4/2043	3.509%
Sonnedix Holdco Spain B.V.	9/5/2024	960	-	9/5/2043	3.509%
Accrued interest not capitalized		119	8		
		4,315	**755**		

Borrowings from related parties

The breakdown of non-current subordinated debt with related parties at 2024 and 2023 year end corresponds to the loans held by the Group's subsidiaries with Sonnedix Holdco Spain B.V. The balance at December 31, 2024 and 2023 was as follows (Note 13.3):

Company	Thousands of euros			
	Non-current balance			
	12/31/2024	12/31/2023	Maturity date	Interest rate
Sonnedix España Holdings 3, S.L. (formerly called Sonnedix España SPV XVII, S.L.)	2,788	2,788	11/30/2033	9%
Sonnedix España Holdings 3, S.L. (formerly called, Sonnedix España SPV XIX, S.L.)	1,062	1,062	1/31/2029	9%
Sonnedix España Holdings 3, S.L. (formerly called, Parque Eólico de Cubla, S.L.)	681	681	4/1/2033	9%
	4,531	**4,531**		

During 2024, as a consequence of the merger by absorption carried out by the subsidiary Sonnedix España Holdings 3, S.L. (absorbing company) and its subsidiaries (Appendix I), all of the loans held by the absorbed companies corresponding to Sonnedix Holdco Spain, B.V. were assumed.

In addition, at 2024 year end the Group recognized a current balance of 748 thousand euros (2023: 339 thousand euros) corresponding to interest accrued and not paid to the related party Sonnedix Holdco Spain B.V. for the financing granted (Note 13.3).

16. INCOME AND EXPENSES

a) Revenue

Revenue for 2024 amounted to 10,683 thousand euros (2023: 10,315 thousand euros), practically entirely corresponding to the sale of energy produced by the Group's various operational photovoltaic solar power plants.

b) Cost of sales

This heading presents a balance of 909 thousand euros for 2024 (2023: 920 thousand euros), mainly corresponding to work performed by the Group company Sonnedix España Services, S.L. when providing operation and maintenance services for the photovoltaic installations (Note 15).

c) *Other operating expenses*

The breakdown of this heading in the accompanying consolidated statement of profit and loss at December 31, 2024 and 2023 is as follows:

	Thousands of euros	
	2024	2023
External services:		
Rent	54	28
Bank services	6	4
Independent professional services	106	120
Other taxes	830	55
	996	**207**

In 2024, "Independent professional services" in the accompanying consolidated statement of profit or loss includes an expense of 106 thousand euros (2023: 120 thousand euros), mainly corresponding to the cost of advisory services received by the Group for legal, tax, and technical matters, and including the fees for audit services (Note 19).

d) *Depreciation and amortization allowances*

The breakdown of this heading in the accompanying consolidated statement of profit and loss at December 31, 2024 and 2023 is as follows:

	Thousands of euros	
	2024	2023
Amortization allowance for intangible assets (Note 5)	468	1,251
Depreciation allowance for PP&E (Note 6)	2,017	7,219
	2,485	**8,470**

e) *Finance income*

Finance income from Group companies and associates corresponds entirely to interest accrued by the Group on the financing granted to Sonnedix Holdco Spain, B.V. amounting to 111 thousand euros in 2024 (2023: 8 thousand euros) (Notes 7 and 15).

Likewise, the Parent recognized the interest corresponding to the current accounts it holds under "Finance income - From third parties" in the accompanying consolidated statement of profit or loss, amounting to a total balance of 118 thousand euros in 2024 (2023: 63 thousand euros).

f) *Finance costs*

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

	Thousands of euros	
	2024	2023
Finance costs for bonds and other marketable securities	1,769	1,890
Finance costs with group companies and associates (Note 15)	409	446
Other finance costs	127	143
	2,305	**2,479**

Finance costs for bonds and other marketable securities

This heading in the consolidated statement of profit or loss reflects the interest accrued on the financing obtained through the Céfalo Bond issue (Note 13.1) in the amount of 1,720 thousand euros during 2024 (2023: 1,838 thousand euros).

It also includes the finance cost corresponding to the arrangement fees accrued with respect to the bond issue, amounting to 49 thousand euros in 2024 (2023: 52 thousand euros).

Other finance costs

This heading includes the finance cost incurred when restating the provisions for dismantling photovoltaic installations, amounting to 13 thousand euros during 2024 (2023: 12 thousand euros) (Note 20), as well as the cost of guarantees in the amount of 7 thousand euros in 2024 (2023: 10 thousand euros).

In addition, the Group recognized a balance of 107 thousand euros during 2024 (2023: 121 thousand euros) corresponding to the finance costs arising on the financial discounting of the lease liability recognized in the consolidated balance sheet as a result of applying IFRS 16 (Note 13.2).

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

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

The Parent's sole director did not report any potential direct or indirect conflict of interest between the sole director or related persons, as defined in Spain's Corporate Enterprises Act, and the Group at either 2024 or 2023 year end.

Remuneration and other benefits for Senior Management and the Sole Director

The Group companies did not recognize any amounts whatsoever in 2024 or 2023 in respect of wages or salaries paid to the Parent's sole director or members of senior management. The functions and duties of senior management for the Parent were assumed by its sole director in 2024 and 2023.

Likewise, at 2024 and 2023 year end, the Group companies had not granted any loans, advances or guarantees of any kind to the sole director of the Parent.

Further, there were no commitments with respect to pension plans and life insurance policies for the sole director of the Parent or senior management.

18. FINANCIAL STRUCTURE (NOTE 13)

The Group companies mainly finance their photovoltaic projects via financing obtained through the Céfalo Bond issue described in Note 13.1 to the accompanying consolidated financial statements. In addition to the financing obtained from said bond issue, all of the projects are also financed with subordinated debt granted by the related party Sonnedix B.V. Holdco Spain B.V. (Note 13.3).

19. AUDITOR FEES

The fees during 2024 and 2023 for audit and non-audit services provided by the auditor of the Group's consolidated financial statements, Ernst & Young, S.L., as well as fees for services invoiced by the auditors of the individual financial statements of companies included in the consolidation and by parties related to them due to control, common ownership or management, were as follows:

	Thousands of euros	
	Services provided by the main auditor	
Description	2024	2023
Audit services	61	42
Total audit and related services	**61**	**42**
	61	**42**

20. PROVISIONS

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

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

The provision recognized by the Group for some of these photovoltaic power plants in the consolidated balance sheet amounts to 477 thousand euros at December 31, 2024 (2023: 464 thousand euros). This provision does not represent an outflow of cash resources until the useful life of each photovoltaic installation affected finalizes.

At each reporting date this provision is discounted to its present value, recognizing the corresponding adjustments under finance expenses as accrued (Note 16.f).

21. SEGMENT INFORMATION

As in the previous year, the Group focused its activities during 2024 on a single business line: the operation of photovoltaic solar installations in Spain, which includes, amongst other activities, the production and sale of electricity generated by solar energy. Said business segment is the only one utilized by the Group's General Management in its reports to the sole director of the Parent and is the only one used for management of the Group.

22. EVENTS AFTER THE REPORTING DATE

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

23. EXPLANATION TO THE TRANSLATION TO ENGLISH

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

VE Sonnedix Equityco, S.L. and Subsidiaries

Consolidated Management Report for the year ended December 31, 2024

1. Economic data

Operating results for 2024 presented a profit of 6,264 thousand euros (2023: a profit of 696 thousand euros), obtaining revenue of 10,683 thousand euros (2023: 10,315 thousand euros).

Profit before taxes on continuing operations for 2024 amounted to 4,188 thousand euros (2023: a loss of 1,712 thousand euros), while the Group's positive results in 2024 amounted to 3,252 thousand euros of losses (2023: a loss of 1,303 thousand euros).

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

2. Main business risks

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

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

3. Business outlook

The Group's strategic objective for 2025 is based on continuing the operation of its photovoltaic projects in the most efficient manner possible so as to maximize value.

4. Significant events after the reporting period

No additional significant matters arose other than those disclosed in Note 22 to the accompanying consolidated financial statements.

5. Research and development activities

No R&D activities were carried out during 2021.

6. Acquisition of treasury shares

During 2024 and 2023, the Parent did not carry out any transactions with treasury shares and neither did it hold any treasury shares at 2024 or 2023 year end.

Appendix I Subsidiaries of the VE Sonnedix Equityco Group at December 31, 2024

Company	Activity	Address (2)	Percentage of indirect ownership interest and voting rights	Percentage of direct ownership interest and voting rights	Year of acquisition	Equity of the subsidiary (thousands of euros)				
						Share capital	Reserves	Profit (loss)		Total equity
								Operating profit (loss)	Net profit (loss)	
Sonnedix España Holdings 3, S.L. (3)	(1)	Spain	-	100%	2016	3	(8,123)	6,544	2,301	(5,819)
VE Sonnedix Finance, S.A.	(1)	Luxembourg	-	100%	2017	30	259	(34)	(41)	248

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

(2) Companies with their registered addresses at Calle Príncipe de Vergara 108, 12º, 28002 (Madrid), with the exception of VE Sonnedix Finance, S.A., whose registered address is at 28ª Boulevard F.W. Raiffeisen, L-2411 (Luxembourg).

On November 20, 2024, the Parent ratified its decision by public deed to approve the merger by absorption transaction by virute of which Sonnedix España Holdings 3, S.L. absorbed Sonnedix España SPV VII, S.L., Sonnedix España SPV XVII, S.L., Sonnedix España SPV XIX, S.L., Sonnedix España SPV XX, S.L., Sonnedix España SPV XXVI, S.L., and Parque Eólico De Cubla, S.L., with the dissolution without liquidation of the absorbed companies which transferred all their assets and liabilities en bloc to Sonnedix España Holdings 3, S.L., the legal personality of which remained unaltered, and with the latter thereby acquiring all the rights and obligations of the absorbed companies via universal succession. This merger was filed at the Mercantile Registry on February 10, 2025.

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

Appendix I Subsidiaries of the VE Sonnedix Equityco Group at December 31, 2023

Company	Activity	Address (2)	Percentage of indirect ownership interest and voting rights	Percentage of direct ownership interest and voting rights	Year of acquisition	Equity of the subsidiary (thousands of euros)				
						Share capital	Reserves	Profit (loss)		Total equity
								Operating profit (loss)	Net profit (loss)	
Sonnedix España SPV VII, S.L.	(1)	Spain	100%	-	2016	3	268	87	65	336
Sonnedix España SPV XVII, S.L.	(1)	Spain	100%	-	2016	3	(6,156)	(909)	(877)	(7,030)
Sonnedix España SPV XIX, S.L.	(1)	Spain	100%	-	2016	3	(23,111)	(341)	(280)	(23,388)
Sonnedix España SPV XX, S.L.	(1)	Spain	100%	-	2016	3	(146)	(1)	(2)	(145)
Sonnedix España SPV XXVI, S.L.	(1)	Spain	100%	-	2016	3	(421)	7	5	(413)
Parque Eólico de Cubla, S.L.	(1)	Spain	100%	-	2017	1,203	(3,500)	(248)	(220)	(2,517)
Sonnedix España Holdings 3, S.L.	(1)	Spain	-	100%	2016	3	6,453	(6)	(4)	6,452
VE Sonnedix Finance, S.A.	(1)	Luxembourg	-	100%	2017	30	(123)	(62)	(62)	(155)

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

(2) Companies with their registered address at Calle Príncipe de Vergara 108, 12º, 28002 (Madrid) with the exception of VE Sonnedix Finance, S.A., whose registered address is at 46ª avenue J.F. Kennedy, L-1855 (Luxembourg).

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

VE Sonnedix Equityco, S.L. and Subsidiaries

AUTHORIZATION OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024 TOGETHER WITH THE CONSOLIDATED MANAGEMENT REPORT

Authorization by the sole director of the Parent:

The accompanying consolidated financial statements (comprised of the consolidated balance sheet, the consolidated statement of profit and loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows, and notes thereto) for the annual period ended December 31, 2024, were authorized for issue together with the consolidated management report corresponding to the annual period ended December 31, 2024, by the natural person representing the sole director on March 31, 2025. The accompanying consolidated financial statements and consolidated management report are set forth on 44 pages, from page 1 to 44

(Signed in the original version in Spanish)

Mr. Miguel Ángel García Mascuñan
In representation of Sonnedix España Holdings 3, S.L.
(Sole director of the Parent)