VE Sonnedix Luxembourg Holdco 1 S.C.A.

Financial statements as at 31 December 2023 and for the year

From 1 January 2023 to 31 December 2023

Independent Auditor's report

28, Boulevard F.W. Raiffeisen
L-2411 Luxembourg
R.C.S. Luxembourg: B215876
Share capital: EUR 30,001

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Independent auditor's report

To the Sole Shareholder
VE Sonnedix Luxembourg Holdco 1 S.C.A.
28, Boulevard F.W. Raiffeisen
L-2411, Luxembourg

Opinion

We have audited the financial statements of VE Sonnedix Luxembourg Holdco 1, S.C.A. (the "Company"), which comprise the statement of financial position as at 31 December 2023, and the statement of comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (the "Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "responsibilities of the "réviseur d'entreprises agréé" for the audit of the financial statements" section of our report. We are also independent of the Company in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Managers for the financial statements

The Board of Managers is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS as adopted by the European Union, and for such internal control as the Board of Managers determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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Responsibilities of the "réviseur d'entreprises agréé" for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "réviseur d'entreprises agréé" 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 Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF 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 financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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, 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 Board of Managers.
- Conclude on the appropriateness of Board of Managers' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the 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 report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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.

Ernst & Young
Société anonyme
Cabinet de révision agréé

Stéphane Cousin

Luxembourg, 19 June 2024

Statement of profit or loss and other comprehensive income

for the year from 1 January 2023 to 31 December 2023

(All amounts in Euro unless otherwise stated)

	Notes	From 1 January 2023 to 31 December 2023	From 1 January 2022 to 31 December 2022
Other operating income	4	22,068	-
Administrative expenses	5	(43,551)	(74,009)
Loss before tax		**(21,483)**	**(74,009)**
Tax expense	10	(4,815)	(15,448)
Loss for the year		**(26,298)**	**(89,457)**
Other comprehensive income		-	-
Total comprehensive loss for the year		**(26,298)**	**(89,457)**

The accompanying notes are an integral part of these financial statements.

Statement of financial position
as at 31 December 2023

(All amounts in Euro unless otherwise stated)

	Notes	2023	2022
ASSETS			
Non-current assets			
Investment in a subsidiary	6	2,830,396	3,165,817
Total non-current assets		**2,830,396**	**3,165,817**
Current assets			
Cash and cash equivalents	7	114,162	166,013
Total current assets		**114,162**	**166,013**
Total assets		**2,944,558**	**3,331,830**
EQUITY AND LIABILITIES			
EQUITY			
Share capital	8	30,001	30,001
Share premium	8	1,625,167	2,018,399
Capital contribution	8	1,610,217	1,552,406
Losses brought forward		(308,193)	(218,736)
Net result of the year		(26,298)	(89,457)
Total equity		**2,930,894**	**3,292,613**
LIABILITIES			
Current liabilities			
Trade and other payables	9	11,196	35,111
Current tax liability	10	2,468	4,106
Total liabilities		**13,664**	**39,217**
Total equity and liabilities		**2,944,558**	**3,331,830**

The accompanying notes are an integral part of these financial statements

Statement of changes in equity
for the year from 1 January 2023 to 31 December 2023

(All amounts in Euro unless otherwise stated)

	Share capital	Share premium	Capital Contribution	Losses brought forward	Net result of the year	Total Equity
Balance as at 1 January 2023	**30,001**	**2,018,399**	**1,552,406**	**(218,736)**	**(89,457)**	**3,292,613**
Allocation of the preceding year result	-	-	-	(89,457)	89,457	-
Capital contribution (note 8)	-	-	57,811	-	-	57,811
Repayment of share premium (note 8)	-	(393,232)	-	-	-	(393,232)
Loss for the year	-	-	-	-	(26,298)	(26,298)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the year	**-**	**-**	**-**	**-**	**(26,298)**	**(26,298)**
Balance as at 31 December 2023	**30,001**	**1,625,167**	**1,610,217**	**(308,193)**	**(26,298)**	**2,930,894**

	Share capital	Share premium	Capital Contribution	Losses brought forward	Net result of the year	Total Equity
Balance as at 1 January 2022	**30,001**	**3,096,003**	**1,552,406**	**(165,009)**	**(53,727)**	**4,459,674**
Allocation of the preceding year result	-	-	-	(53,727)	53,727	-
Repayment of share premium (note 8)	-	(1,077,604)	-	-	-	(1,077,604)
Loss for the year	-	-	-	-	(89,457)	(89,457)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the year	**-**	**-**	**-**	**-**	**(89,457)**	**(89,457)**
Balance as at 31 December 2022	**30,001**	**2,018,399**	**1,552,406**	**(218,736)**	**(89,457)**	**3,292,613**

The accompanying notes are integral part of these financial statements.

VE Sonnedix Luxembourg Holdco 1 S.C.A.

Statement of cash flows

for the year from 1 January 2023 to 31 December 2023

(All amounts in Euro unless otherwise stated)

	Notes	From 1 January 2023 to 31 December 2023	From 1 January 2022 to 31 December 2022
Cash flows from operating activities			
Loss before tax		(21,483)	(74,009)
Adjustments for:			
Taxes paid	10	(6,453)	(9,737)
Working capital changes:			
Other receivables	12	-	16,554
Trade and other payables	9	(23,915)	(9,270)
Net cash flows used in operating activities		**(51,851)**	**(76,462)**
Cash flows from investing activities			
Capital contribution to subsidiary	6	(57.811)	-
Repayment of share premium from the subsidiary	6	393,232	1,212,604
Net cash flows used in investing activities		**335,421**	**1,212,604**
Cash flows from financing activities			
Capital contribution from shareholder	8	57.811	-
Repayment of the share premium to the shareholder	8	(393,232)	(1,077,604)
Net cash flows generated from financing activities		**(335,421)**	**(1,077,604)**
Net increase/(decrease) in cash and cash equivalents		(51,851)	58,538
Cash and cash equivalents at the beginning of the year		166,013	107,475
Cash and cash equivalents at the end of the year	**7**	**114,162**	**166,013**

The accompanying notes are an integral part of these financial statements.

Notes to the financial statements

1. Company information

VE Sonnedix Luxembourg Holdco 1 S.C.A. (the "Company") was incorporated on 21 June 2017 as société en commandite par actions, for an unlimited period and is governed under the laws of Grand Duchy of Luxembourg. VE Sonnedix Luxembourg GP S.à r.l. is the General Partner of VE Sonnedix Luxembourg Holdco 1 S.C.A.

The object of the Company is the acquisition, holding and disposal of interests in Luxembourg and/or in foreign companies and undertakings, as well as the administration, development and management of such interests.

The Company may provide loans and financing in any other kind or form or grant guarantees or security in any other kind or form, in favour of the companies and undertakings forming part of the group of which the Company is a member.

The Company may also invest in real estate, in intellectual property rights or any other movable or immovable assets in any kind or form.

The Company may borrow in any kind or form and issue bonds, notes or any other debt instruments as well as warrants or other share subscription rights.

In a general fashion, the Company may carry out any commercial, industrial or financial operation, which it may deem useful in the accomplishment and development of its purposes.

The registered office of the Company is established in Luxembourg, 28, Boulevard F.W. Raiffeisen, L-2411 Luxembourg and the Company is registered with the Registre de Commerce under the number B215876.

The Company is a wholly owned subsidiary of Sonnedix Holdco Spain B.V. ("the Parent"). The Parent and its subsidiaries operate in one business segment being the ownership of solar photovoltaic plants in Spain.

The financial year of the Company starts on 1 January and ends on 31 December of each year. The financial statements were authorized for issue by the Board of Managers on June 19, 2024.

2. Summary of significant accounting policies

2.1. Basis of presentation

These financial statements of the Company have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, ("IFRS"), on an unconsolidated basis, and with the applicable Luxembourg legal and regulatory requirements.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Company's accounting policies. Details on significant accounting judgements, estimates and assumptions are provided under Note 3.

These financial statements have been prepared on a historical cost basis. These financial statements have been prepared on a going concern basis.

2. Summary of significant accounting policies (continued)

2.1. Basis of presentation (continued)

The Company holds investment in a wholly owned subsidiary VE Sonnedix Luxembourg Holdco 2 S.à r.l. VE Sonnedix Luxembourg GP S.à r.l. owns 0,003% shares of the Company and Sonnedix Holdco Spain B.V (the parent), incorporated in the Netherlands, owns 99,997% shares of the Company.

The Company has opted for an exemption conferred on it by the Article 1711-5 of the Luxembourg Company Law to draw up the consolidated financial statements, as the Group (the Company and its subsidiaries) is being consolidated in the financial statements of the ultimate parent company (Sonnedix España S.L.U.), which can be found at the registered office located at C/Principe de Vergara 108, 12F, 28002, Madrid, Spain. Accordingly, these financial statements are the separate financial statements of the Company.

2.2. Investment in subsidiary

A subsidiary is an entity that is controlled by the Company. The Company controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Investment in subsidiary is stated at cost less accumulated impairment losses, if any.

2.3. Financial instruments

a) Financial assets

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value though other comprehensive income (OCI) or fair value through profit or loss.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collection contractual cash flows, selling the financial assets, or both.

All financial assets are initially measured their fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assts at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value though profit or loss

Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECls are based on the difference between the cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted as an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

2. Summary of significant accounting policies (continued)

2.3. Financial instruments (continued)

a) Financial assets (continued)

Impairment of financial assets (continued)

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

b) Financial liabilities

Classification of debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or payables, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include accrual liabilities and amounts owed to related party.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purposes of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

Other financial liabilities

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective rate method.

The effective rate method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of

2. Summary of significant accounting policies (continued)

2.3. Financial instruments (continued)

b) Financial liabilities (continued)

the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

2.4. Cash and cash equivalents

Cash and cash equivalents in the statement of financial position may comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

2.5. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The managers consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

2. Summary of significant accounting policies (continued)

2.5. Fair value measurement (continued)

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.6. Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2. Summary of significant accounting policies (continued)

2.6. Taxes (continued)

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority. Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change.

The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in Other Comprehensive Income (OCI) or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Pillar Two implication

The adoption of Pillar Two by the jurisdictions in which the Group operates is effective for the Group from 1 January 2024. Based on an assessment of historic data and forecasts for the year ending 31 December 2024, the Group does not expect a material exposure to Pillar Two income taxes for the year ending 31 December 2024.

2. Summary of significant accounting policies (continued)

2.6. Taxes (continued)

The Group has applied the exception, as set out in the amendments to IAS 12, to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

2.7. Foreign currencies

The financial statements are presented in Euro, which is also the Company's functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Company's net investment of a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

2.8. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2. Summary of significant accounting policies (continued)

2.9. Dividends and appropriation of reserves

Dividends / appropriation of reserves to holders of equity instruments are recognised as liabilities in the period in which they are declared.

Dividends / appropriation of reserves to holders of equity instruments, or of the equity component of a financial instrument issued by the company, are recognised directly in equity.

3. Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. More particularly assessing the impairment of the investment in subsidiary requires significant judgmental.

Other disclosures relating to the Company's exposure to risks and uncertainties includes:

- Financial risk management	Note 12
- Capital management	Note 13

4. Other operating income

Other operating income in amount of EUR 22,068 for the year ended 31 December 2023 (2022: nil) is represented by the write-off of over-accrued expenses for prior periods.

5. Administrative expenses

	From 1 January 2023 to 31 December 2023	From 1 January 2022 to 31 December 2022
	EUR	EUR
Accounting and other professional fees	28,230	58,934
Auditors' remuneration	13,747	10,500
Bank charges	967	2,010
Other charges	607	2,565
Total administrative expenses	**43,551**	**74,009**

6. Investment in subsidiary

	From 1 January 2023 to 31 December 2023	From 1 January 2022 to 31 December 202
	EUR	EUR
Opening	3,165,817	4,378,421
Repayment of share premium	(393,232)	(1,212,604)
Capital contribution without issuance of shares	57,811	-
Total investment in subsidiary	**2,830,396**	**3,165,817**

The Company holds 100% shares in VE Sonnedix Luxembourg Holdco 2 S.à r.l., a company based in Luxembourg, which is its principal place of business.

Investment in subsidiary is recognised at cost less accumulated impairment loss, if any.

During 2023 the subsidiary made a repayment for total amount of *EUR 393,232* out of the share premium and the Company contributed additional capital amounting to EUR 57,811.

During 2022 the subsidiary made a repayment for total amount of *EUR 1,212,604* out of the share premium contributed at the date of the acquisition.

The net positive audited equity as at 31 December 2023 and the loss for the year then ended, of the subsidiary, amount to *EUR 2,522,815* and *EUR 37,068* respectively.

In the opinion of the Board the investment does not present any indicators of impairment in the value as of 31 December 2023.

7. Cash and cash equivalents

	2023	2022
	EUR	EUR
Cash at bank	114,162	166,013
Total cash and cash equivalents	**114,162**	**166,013**

8. Equity

Share capital

As at 31 December 2023, the authorised and issued share capital of the Company amounted to *EUR 30,001* which represents 30,001 shares with a nominal value of one Euro (EUR 1) and a share premium of EUR 1,625,167.

On 27 June 2017, the shareholder resolved to issue 1 class A share of EUR 1, at a share premium of *EUR 12,150,880* by a contribution in kind consisting in a receivable owned by Sonnedix España S.L.U on the VE Sonnedix EquityCo S.L.U.

8. Equity (continued)

All shares of the Company held by the shareholders have been pledged under the share pledge agreement entered into between the major shareholder as “Pledgor” and BNP Paribas Trust Corporation UK limited as “Trustee”, to secure de issuance of corporate bond by Vela Energy Sonnedix Finance, S.A, a company controlled by the Parent.

Share premium

During the year 2023, the Board of Managers decided to repay at an amount of *EUR 393,232* out of the share premium account to its shareholders.

During the year 2022, the Board of Managers decided to repay at an amount of *EUR 1,077,604* out of the share premium account to its shareholders.

Capital contribution

There were EUR 57,811 of capital contributions during the year ended 31 December 2023. This capital contribution is distributable to the shareholder subject to availability of the funds.

Legal reserve

Under Luxembourg law the Company is required to transfer to a legal reserve a minimum of 5 % of its net profits each year until this reserve equals 10 % of the issued share capital. This reserve is not available for distribution.

9. Trade and other payables

	2023	**2022**
	EUR	**EUR**
Accrued liabilities	11,196	35,111
Total trade and other payables	**11,196**	**35,111**

10. Taxes

	2023	**2022**
	EUR	**EUR**
Net Wealth Tax Liability	(2,468)	(4,106)
Net amount	**(2,468)**	**(4,106)**

As at 31 December 2023, tax expense is 4,815 (2022: EUR 15,448).

The Company is subject to all taxes applicable to a Luxembourg commercial company. Management of the Company recognizes based on the last filed tax return that the Company has EUR 357,124 of carried forward tax losses available as at 31 December 2022 and estimates approximately EUR 26,298 of additional tax losses for the current period (FY23).

11. Related party transactions

The Company holds investment in a wholly owned subsidiary VE Sonnedix Luxembourg Holdco 2 S.à r.l. Sonnedix Holdco Spain B.V. (the parent), incorporated in Netherlands, owns 99,99% shares of the Company and his ultimate parent company is Sonnedix España S.L. incorporated in Spain.

No other balances are outstanding with the related parties as at 31 December 2023.

12. Financial risk management

The Company's principal financial assets include investment in a subsidiary and cash at bank. The Company's principal financial liabilities comprise trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Board of Managers reviews and agrees policies for managing each of these risks, which are summarised below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk. The Company does not hold any equity instruments at fair value and is therefore not subject to any equity price risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not hold any financial instruments at variable interest rate and therefore it is not exposed to such risk as at 31 December 2023.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. All Company's assets and related financing are denominated in EUR and consequently the Company is not exposed to any significant foreign currency risk.

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its financing activities, including, other receivables and deposits with banks and financial institutions. The credit risk on cash and cash equivalents is managed through the selection of high rating bank counterparty. Management is as of the opinion that this risk is limited because the counter parties are reputable banks with good credit ratings.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the end of the reporting period was as follows:

12. Financial risk management (continued)

	--- All amounts in EUR ---			
	Less than 12 months	Greater than 1 year Less than 5 years	More than 5 years	Total
Cash and cash equivalents	166,013	-	-	166,013
Total as at 31 December 2022	**166,013**	**-**	**-**	**166,013**
Cash and cash equivalents	114,162	-	-	114,162
Total as at 31 December 2023	**114,162**	**-**	**-**	**114,162**

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Prudent liquidity risk management is achieved through maintaining sufficient cash.

The following are the remaining undiscounted contractual maturities at the end of the reporting period of financial liabilities as at 31 December 2023:

	--- All amounts in EUR ---			
	Less than 12 months	Greater than 1 year; Less than 5 years	More than 5 years	Total
Trade and other payables	35,111	-	-	35,111
Taxes	4,106	-	-	4,106
Total as at 31 December 2022	**39,217**	**-**	**-**	**39,217**
Trade and other payables	11,196	-	-	11,196
Taxes	2,468	-	-	2,468
Total as at 31 December 2023	**13,664**	**-**	**-**	**13,664**

13. Capital management

For the purpose of the Company's capital management, capital includes issued capital, share premium and all other reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital to ensure that the net equity does not fall below more than 50% of subscribed share capital of the Company.

13. Capital management (continued)

	2023	2022
	EUR	EUR
Issued share capital	30,001	30,001
Share premium	1,625,167	2,018,399
Capital contribution	1,610,217	1,552,406
	3,265,385	**3,600,806**
Net equity	**2,930,894**	**3,292,613**
Percentage	**89.8%**	**91.4%**

14. Staff

The Company employed no staff during the financial period 2023 (2022: Nil).

15. Emoluments granted to the members of the managing and supervisory bodies and commitments in respect of retirement pensions for former members of those bodies

In 2023 and 2022 no remuneration was paid to the executives or key management personnel of the Company.

16. Commitments and contingencies

The Company has no commitments and/or contingencies as at 31 December 2023 except as disclosed in note 7, the shares of the Company with all assets and liabilities, in its capacity as a guarantor, are pledged for securing the obligations arising from the issuance of bond by VE Sonnedix Finance S.A. and VE Sonnedix Holdco 2 S.à r.l.

17. Standards issued and effective from 1 January 2023

A number of new or amended Standards became applicable for the current reporting period. The below amendments which were effective from 1 January 2023 did not have any material on the Company's financial statements:

- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021);
- Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules (issued on 23 May 2023);
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (issued on 12 February 2021).

18. Standards issued but not yet effective

Amendments which are effective for the financial periods covered by these financial statements and which are not expected to have a material impact on the financial statements:

18. Standards issued but not yet effective (continued)

- IAS 1 Presentation of Financial Statements – Amendments regarding the classification of Liabilities as Current or Non-current (issued 23 January 2020, 15 July 2020 and 31 October 2022) effective on 1 January 2024;
- IFRS 18 : Presentation and Disclosure in Financial Statements (issued on 9 April 2024) effective on 1 January 2027 ;
- IFRS 19 : Subsidiaries without Public Accountability: Disclosures2 (issued on 9 May 2024) effective on 1 January 2027 ;

The standards will be adopted at the effective dates.

The Board of Managers anticipates that the adoption of the above standards will have no material impact on the financial statements.

19. Subsequent events

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

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Manager A: Markus GANTERER	Manager B: Georgiana GALCA