SONNEDIX ESPAÑA COMMERCIAL PAPER, S.A.U.
(Incorporated in Spain in accordance with the Spanish Companies Act)

Commercial Paper Programme SONNEDIX 2024
Maximum outstanding balance of €75,000,000

INFORMATION MEMORANDUM OF THE ADMISSION (*INCORPORACIÓN)* OF COMMERCIAL PAPER NOTES (*PAGARÉS*) ON THE ALTERNATIVE FIXED-INCOME MARKET (*MERCADO ALTERNATIVO DE RENTA FIJA*)

Sonnedix España Commercial Paper, S.A.U. (the "**Issuer**"), an indirect subsidiary of Sonnedix Power Holdings Limited ("**Sonnedix**" or the "**Parent Company**", and together with the other subsidiaries controlled by the Parent Company, the "**Group**" and individually a "**Group Company**"), a public limited company (*sociedad anónima*) organised under the laws of Spain, with corporate address at Calle Príncipe de Vergara, 108, Madrid, 28002, registered with the Madrid Companies Register under volume 46743, page 68, sheet M-820478, with tax identification number A-70983150 and LEI number 959800V4FLNQXL5EPY45, will request the admission (*incorporación*) of the commercial paper notes (*pagarés*) (the "**Commercial Paper Notes**" or the "**Notes**") to be issued under the "Commercial Paper Programme Sonnedix 2024" (the "**Programme**") at the Alternative Fixed-Income Market (*Mercado Alternativo de Renta Fija*) ("**MARF**") in accordance with this information memorandum *(documento base informativo)* (the "**Information Memorandum**").

In order to guarantee the full and timely performance of all of the Issuer's payment obligations under the Programme, Sonnedix Solar Holdings Limited ("**SSH**"), a controlled subsidiary of the Parent Company and therefore a company within the Group duly incorporated in Bermuda with company number 45438 and registered office at Victoria Street, 31, Hamilton HM10, Bermuda and Sonnedix UK Services Limited ("**Sonnedix UK**"), a controlled subsidiary of the Parent Company and therefore a company within the Group a company incorporated in England and Wales with registered number 07904461 whose registered office is at 90 Union Street, London, England, SE1 0NW, (jointly SSH and Sonnedix UK, the "**Guarantors**") have granted a guarantee subject to English law in favour of the holders of the Notes (the "**Noteholders**").

MARF is a multilateral trading facility (*sistema multilateral de negociación*) ("**MTF**") and is not a regulated market, pursuant to the provisions of article 68 of Law 6/2023 of 17th March on Securities Markets and Investment Services (*Ley 6/2023, de 17 de marzo, de los Mercados de Valores y de los Servicios de Inversión*) ("**Securities Markets and Investment Services Act**"). This Information Memorandum for the admission to trading of the Notes is the document required by Circular 2/2018 of 4 December on the admission (*incorporación*) and removal of securities on the Alternative Fixed-Income Market (*Circular 2/2018, de 4 de diciembre, sobre incorporación y exclusión de valores en el Mercado Alternativo de Renta Fija*) (the "**Circular 2/2018**").

The Notes will be represented through book entries (*anotaciones en cuenta*) at the Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. ("**IBERCLEAR**"), which, together with its participating entities, will be the entity entrusted with the book-keeping (*registro contable*) of the Notes.

Investment in the Notes involves certain risks.

Potential investors should consider carefully and fully understand the risks set forth herein under the "Risk Factors" section, along with all other information contained in the Information Memorandum, prior to making investment decisions with respect to the Notes.

MARF has not made any kind of verification or check with regard to the Information Memorandum nor over the rest of the documentation and information contributed by the Issuer in compliance with the requirements set forth by the Circular 2/2018.

The Notes issued under the Programme are targeted exclusively at professional clients, eligible counterparties and qualified investors pursuant to the provisions set out in articles 194 and 196 of the Securities Markets and Investment Services Act and article 2.e) of the Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (*Reglamento (UE) 2017/1129 del Parlamento Europeo y del Consejo de 14 de junio de 2017 sobre el folleto que debe publicarse en caso de oferta pública o admisión a cotización de valores en un mercado regulado y por el que se deroga la Directiva 2003/71/CE*) (the "Prospectus Regulation"), respectively, or any provision which may replace or supplement it in the future without prejudice of and subject to the selling restrictions indicated in the Information Memorandum.

No action has been taken in any jurisdiction to permit a public offering of the Notes or permit the possession or distribution of the Information Memorandum or any other offer material where a specific action is required for said purpose. The Information Memorandum must not be distributed, directly or indirectly, in any jurisdiction in which such distribution represents a public offering of securities. The Information Memorandum is not a public offering for the sale of securities nor a request for a public offering to purchase securities, and no offering of securities shall be made in any jurisdiction in which such offering or sale would be considered in breach of the applicable legislation. In particular, the Information Memorandum does not represent a prospectus approved and registered with the Spanish National Securities Market Commission (*Comisión Nacional del Mercado de Valores*) (the "CNMV") and the subscription of the Notes issued under the Programme does not represent a public offering pursuant to the provisions set out in Article 35 of the Securities Markets and Investment Services Act, which removes the obligation to approve, register and publish a prospectus at the CNMV.

PAYING AGENT AND REGISTERED ADVISOR

Banco de Sabadell, S.A.

PLACEMENT ENTITIES

Banco de Sabadell, S.A., Renta 4 Banco, S.A. and Bestinver Sociedad de Valores, S.A.

ADMINISTRATIVE AGENT OF THE GUARANTEE

Bondholders, S.L.

IMPORTANT NOTICE

Potential investors should not base their investment decision on information other than that contained in the Information Memorandum.

The Placement Entities assume no liability for the content of the Information Memorandum. The Placement Entities have signed placement agreements with the Issuer for placement of the Notes, but neither the Placement Entities nor any other entity have made any commitment to underwrite the Notes, without prejudice to the ability of the Placement Entities to acquire Notes on its own name.

There is no guarantee that the price of the Notes in MARF will be maintained. There is no assurance that the Notes will be widely distributed and actively traded on the market. Nor is it possible to ensure the development or liquidity of the trading markets for the Notes.

PRODUCT GOVERNANCE RULES UNDER MiFID II

THE TARGET MARKET WILL ONLY BE PROFESSIONAL CLIENTS, ELIGIBLE COUNTERPARTIES AND QUALIFIED INVESTORS

Exclusively for the purposes of the product approval process to be carried out by the producer(s), following the assessment of the target market for the Notes, it has been concluded that: (i) the market to which the Notes are intended to be issued is solely for "professional clients", “eligible counterparties" and "qualified investors" as defined for each of these terms in the Directive 2020/1504/EU of the European Parliament and of the Council of October 7, 2020 amending Directive 2014/65/EU of the European Parliament and of the Council of May 15, 2014 on markets in financial instruments and amending Directive 2011/61/EC ("**MiFID II**"), in Directive (EU) 2016/97 of the European Parliament and of the Council, of 20 January 2016, on insurance distribution ("**Directive (EU) 2016/97**”) and in their respective implementing regulations (in particular, in Spain, the Securities Markets and Investment Services Act and its implementing regulations and the Prospectus Regulation); and that (ii) all channels of distribution of the Notes to professional clients, eligible counterparties and qualified investors are appropriate. Accordingly, in each issuance of Notes, the manufacturers shall identify the potential target market using the list of five categories mentioned in number 18 of the Guidelines on MiFID II Product Governance Requirements, published on 5 February 2018, by the European Securities and Markets Authority (“**ESMA**”).

Any person who, initially places the Notes and, after the initial placement of the Notes, offers, sells, places, recommends or otherwise makes available the Notes (the "**Distributor**") shall take into account the assessment of the producer's target market. However, any Distributor subject to MiFID II shall be responsible for carrying out its own assessment of the target market with respect to the Notes, either by applying the target market assessment made by the producer or by perfecting such assessment, and to identify the appropriate distribution channels.

BAN ON SALES TO RETAIL INVESTORS IN THE EUROPEAN ECONOMIC AREA-PRIIPS REGULATION

The Notes are not intended for offer, sale or any other form of making available, nor should they be offered, sold to or made available to retail investors in the European Economic Area ("**EEA**"). For these purposes, "retail investor" means a person who meets either or both of the following definitions: (i) a retail investor in the sense of paragraph (11) of Article 4(1) of MiFID II; or (ii) a client within the meaning of paragraph (10) of article 4(1) of MiFID II; or (iii) retail client according to the implementing legislation of MIFID II in any Member State of the EEA (in particular, in Spain, according to the definition of article 193 of the Securities Markets and Investment Services Act and its implementing legislation). For this reason, none of the key information documents required by Regulation (EU) No. 1286/2014 of the European Parliament and of the Council of November 26, 2014 on key information documents for packaged retail and insurance-based investment products (the "**Regulation 1286/2014**") has been prepared for the purposes of offering or sale of the Notes, or to make the Notes available to retail investors in the EEA, and therefore, any such activities could be unlawful pursuant to the provisions of Regulation 1286/2014.

SELLING RESTRICTIONS

General

No action has been taken in any jurisdiction to permit a private or public offering of the Notes or the possession or distribution of the Information Memorandum or any other offering material in any jurisdiction where such action is required for said purpose and, in particular, the Notes have not been, and will not be, offered or sold within the United Kingdom or the United States under any circumstance (even if the offer or sale of the Notes in such jurisdictions falls into any exemptions, including exemptions from registration).

Neither the Issuer, nor any Group Company, nor the Placement Entities, nor any person acting on behalf of any of the foregoing (excluding the Noteholders and their affiliates and any person acting on their behalf, as to which no representation or warranty is made) has offered or sold, or will offer or sell, the Notes (or securities of the same class as any Notes) in any circumstances in the United Kingdom or in the United States.

United States

The Notes have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or any U.S. state securities laws of the securities laws of any other jurisdiction of the United States and the Issuer has not been registered under the U.S. Investment Company Act of 1940, as amended (the "**U.S. Investment Company Act**"). Accordingly, the Notes may not be offered, delivered or sold within the United States except in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and the U.S. Investment Company Act. The Notes will be sold in offshore transactions in reliance on Regulation S under the Securities Act and there will be no offering or sale of the Notes in the United States. Terms used in this paragraph have the meanings given to them by Regulation S under the U.S. Securities Act.

United Kingdom

(a) Each Placement Entity has represented and agreed, and each further Placement Entity appointed under the Programme or any other entity which offers, sells, places, recommends or otherwise makes available the Notes will be required to represent and agree, that: in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business, and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (as amended, the "**FSMA**") by the Issuer;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Additional Selling Restrictions

The Notes are not intended for offer, sale or any other form of making available, nor should they be offered, sold to or made available to any person, entity, trust, or fund (i) whose primary business is to invest in distressed and/or non-performing debt and/or any similar sub-par or credit-event-driven strategies (however described) (the "**Distressed Debt Lenders**") nor (ii) whose main principal activity (directly or indirectly through any controlled or managed entity, trust or fund) is the ownership or management of assets in the energy sector similar to those owned by the Group or the generation, supply, transmission or distribution of electricity (the "**Competitors**"); nor (iii) JPMorgan Chase & Co or any of its affiliates, including any pension fund, collective investment vehicle, separate account, investment fund, pooled or co-mingled fund or any other investors, in each case, for which JPMorgan acts as the trustee (other than as a security trustee), agent (other than as a security agent, facility agent, paying agent or any other purely mechanical or administrative agency role), general partner, investment adviser, manager, administrator, responsible entity or responsible person, or the functional equivalent of any of the foregoing or any employees of any of the foregoing (the "**Related Persons**").

Any sale, transfer, or acquisition of Notes in contravention of the selling restrictions included in this Information Memorandum is in any event prohibited and each of the purchasers of the Notes shall take this into consideration as such prohibition shall be complied by each purchaser of the Notes and the purchaser, by the acquisition of the relevant Notes, is presumed to have read this Information Memorandum and aware of its contents, particularly regarding the selling restrictions included and to represent in favour of the Issuer that none selling restriction have been breached and accept that no liability shall arise against the Issuer, the Guarantors, the Placement Entities nor the Paying Agent. Any (i) transfer of Notes to, or (ii) purchase of Notes, by Distressed Debt Lenders, Related Persons, Competitors or to any investor that do not comply with the selling restriction is not permitted and any such transfer will be deemed null and void by the Issuer, the Guarantors nor any Group company and the Issuer may be able to instruct the Paying Agent to restrict the payment to such investor that have breached the selling restriction. Accordingly, none of the Issuer, the Guarantors or any Group company will recognise any investor as the holder or beneficial owner of any Note for any purpose and no liability shall arise against the Issuer.

FORECASTS OR ESTIMATES

The Information Memorandum does not contain forecasts or estimates of future earnings or results for any period.

ROUNDING

Certain figures contained in the Information Memorandum, including financial information, have been subject to rounding adjustments. Accordingly, in certain instances, the sum of the numbers in a column or a row in tables or elsewhere contained in the Information Memorandum may not conform exactly to the total figure given for that tables or elsewhere.

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1. RISK FACTORS

The Issuer believes that the risk factors set forth in this section represent the principal risks inherent in investing in the Notes. Most of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. The order in which these risks are described does not necessarily reflect a greater probability of their materialization.

If any of these risks, or any others not described herein, were to materialize, the Group's activity, business, financial condition and results of operation, and the Issuer's or a Guarantor's capacity to make the repayments corresponding to the Notes upon maturity, could be adversely affected, in which case the market price of the Notes could fall, resulting in the total or partial loss of any investment made in it.

The Issuer, moreover, gives no assurance that the account of risk factors provided below in this section is exhaustive. It is possible that the risks described in the Information Memorandum may not be the only ones which the Group is exposed to and there may be other risks, currently unknown or which, at this point in time, are not considered significant, which in themselves or in conjunction with others (whether identified in the Information Memorandum or not) could potentially have a material adverse effect on the Group´s activity, business, financial condition and results of operations and the Issuer's or a Guarantor's capacity to make the repayments corresponding to the Notes upon maturity, in which case the market price of the Notes could decrease as a result and any investment made in it could be totally or partially lost.

Potential investors should carefully consider and fully understand the risks presented in this section, together with the rest of the information contained in the Information Memorandum, before making any investment decision and reaching its own point of view before making any investment decision.

1.1 Risks relating to the Group's business and industry

a) Risks relating to the Group's sector

Technical grid curtailment may constrain energy production

Any technical grid curtailment may reduce the amount of energy produced and, therefore, sold to the clients. Moreover, it may also impact the effectiveness of power price hedges. In the last years, technical curtailment across part of operating assets has surged due to an increase of non-dispatchable renewable energy production which does not match with transmission/grid development.

At the date of this Information Memorandum, these affected markets are mainly Chile, Japan and Spain with the trend expected to continue in short term in other markets (e.g. Italy, France, Poland, UK). As discussed with specialist consultants, technical curtailment should trend to zero in the long term as investments made by grid operators in the grid materialize. Several policy initiatives at national and supranational (Europe) level have recently been published and are encouraging grid investments. This can be expected to be a key driver for grid reinforcement. Nevertheless, such forecasts might not be accurate and/or the grid operators might not accomplish the relevant investments at due time.

Anyhow, some markets may limit curtailment contractually (e.g., Japan), others may offer compensation for technical curtailments (e.g., Italy, Poland, France, Spain) and region specific solutions, facilitating management of generation dispatch through remote automation systems (e.g., remote control in Japan, EDAG in Chile, SRAP in Spain), may lower grid curtailment for the renewable plants using them.

The Group is exposed to negative prices of energy

The Group is susceptible to the inherent volatility of power markets, including the potential occurrence of negative energy prices. Negative pricing situations may arise due to various factors such as oversupply, decreased demand, or regulatory changes. During such periods, producers may be required to pay for the injection of energy into the grid, leading to adverse financial implications.

Mitigating this risk entails careful consideration of contractual arrangements, particularly Power Purchase Agreements (PPAs), which may offer limited protection against negative pricing events. However, the efficacy of such mitigating measures can vary, with certain PPAs requiring production curtailment, imposing zero-price floors, or enabling participation in ancillary markets to offset losses.

Furthermore, the ability to engage in ancillary services and the effectiveness of these strategies are contingent upon the regulatory landscape of each market. Failure to adequately anticipate and address negative pricing scenarios could significantly impact the Group´s revenue streams, profitability, and overall financial performance.

Risk related to the exposure to electricity prices

The majority of the Group's revenue is generated by selling electricity through a variety of remuneration schemes, including: (i) regulated remuneration systems; (ii) the execution of PPAs; and (iii) other regulatory frameworks, including merchant systems (i.e., the sale of the energy through the production market) (collectively "**off-take arrangements**").

As a general rule, the Group operates in countries where a material percentage of its production is remunerated with subsidies which are usually set by government regulation. These regulated remuneration systems are designed to ensure proper price formation, preventing market abuse by participating agents or incentivize renewable energy technologies in the electricity market. Under these remuneration schemes the Group does not control the price at which it sells electricity and does not control of the actions of each relevant government to maintain or modify the current subsidies leaving it exposed to the volatility of electricity prices and regulatory uncertainty.

In this sense, by not having control over prices and subsidies, the Issuer is exposed to the risk that the governments of the countries in which the Group operates may decide not to invest in renewable energy or even understand that decarbonising the global energy system is not a priority.

Moreover, if electricity prices fluctuate significantly due to supply-demand imbalances, geopolitical events, or changes in non-renewable energy prices (such as, fossil fuels), there can be a mismatch between the costs incurred by the Group and the regulated revenues it receives.

On another note, under a PPA the Group typically sells power generated from a power plant to the electricity system, distribution companies or power consumers at pre-determined tariffs or prices.

In respect of the PPA arrangements, to the extent that the pre-determined tariffs are well above market prices, the counterparties may seek termination of their PPAs to take advantage of the lower market prices. In addition, as the PPA arrangements do not cover 100% of the energy produced in some of the jurisdictions in which the Group operates, the Group is exposed to variable spot price risk in the general market for the remainder of the energy produced. In the event the Group defaults in fulfilling the obligations under the PPA arrangements, such as supplying the minimum amount of power specified in some of the PPA arrangements, achievement of the minimum operating hours as stated in regulations or failing to obtain regulatory approvals, licenses and clearances with respect to the renewable projects, the Group may be liable for penalties and in certain specified events, to the termination of such PPA arrangements.

In certain instances, the terms of some of the future PPA arrangements may also require the Group to enter into other types of off-take arrangements or seek renewals or extensions of PPA arrangements, for the balance of the life of those renewable power projects in the scenario in which the initial term of such PPA agreement is shorter than the operating life of the project. Moreover, there are often other restrictions on the ability to, among other things, sell power to third parties mainly due to the fact that a specific license or governmental authorization is usually required in the jurisdictions where the Group operates to carry out the wholesale supply activity may be required. Failure to enter into or renew PPA arrangements in a timely manner and on terms that are acceptable to the Group could have an adverse effect on the Group's business, financial condition and results of operations. There could also be negative accounting consequences if the Group is unable to extend or replace expiring PPA arrangements, including writing down the carrying value of assets at such power project sites.

Additionally, under the PPA arrangements, the remedies in case of delays in payment by the customers may also be limited. The Group is generally exposed to credit risk from the customers and the electricity system. Although the Group manages credit risk through diversification and other measures, the risk management strategy may be not successful in limiting the exposure to credit risk. As well, there is a risk of contract termination or breach of contract by a counterparty in the event they find the terms of the PPA arrangement onerous due to, for example, bankruptcy. Any of the foregoing factors including client delay or default on payment, or the failure to otherwise make timely collection of the revenues, could impair the ability to successfully compete in the industry, and have a material adverse effect on the business, financial condition and results of operations.

The Group is also exposed to the risk that part of the PPAs' arrangements and regulated remuneration schemes in the countries that the Group operates will turn into merchant remuneration systems in the future, for example, if the PPAs the Group has already executed with private contractors are not renewed under the same conditions.

A decline in the costs of other sources of electricity, such as fossil fuels or nuclear power, could reduce the wholesale price of electricity. A significant amount of new electricity generation capacity becoming available could also reduce the wholesale price of electricity. Broader regulatory changes to the electricity production market (such as changes to integration of transmission allocation and changes to energy trading and transmission charging) could have an impact on electricity prices. A decline in the market price of electricity could materially adversely affect the financial attractiveness of new projects.

The rapid emergence of new technologies in the energy sector, such as renewable energy sources, energy storage solutions, and smart grid technologies, can disrupt traditional electricity pricing and market dynamics. These technologies often lead to shifts in supply patterns and can cause electricity prices to become more volatile.

Energy demand can fluctuate significantly due to various factors, including economic cycles, weather conditions, and changes in consumer behaviour driven by new technologies (e.g., electric vehicles, smart home devices). These fluctuations can create mismatches between supply and demand, leading to unpredictable changes in electricity prices. The Group may struggle to maintain stable revenue streams if demand variability is not effectively accounted for in the regulated remuneration system.

There cannot be assurance that market prices will remain at levels which enable the Group to maintain profit margins and desired rate of return for investment. A decline in market prices below anticipated levels could have a material adverse effect on the business, growth strategy, results of operations, financial condition and prospects.

Risks related to the estimate of construction costs and deadlines for completion

A large-scale development and construction project entails certain risks, such as interruptions, delays and shortages or increased costs of materials, machinery and labour. Any failure by the Group, its contractors or sub-contractors to meet the agreed budgets and deadlines may cause excess construction costs and delays. Most construction and equipment supply agreements the Group enters into with contractors and sub-contractors typically include contractor and sub-contractor liability clauses to cover the failure to meet agreed budgets and deadlines but may not entirely cover any or all of the losses the Group may incur.

For larger projects, the risks associated with agreed milestones for the performance and completion of services are inherently greater. Furthermore, any delay or underperformance in projects may lead to conflicting demands on resources allocated for use in other projects. These factors could increase the Group’s expenses and reduce its income. Therefore, any failure to meet contractual deadlines or quality and quantity benchmarks may have a material adverse effect on the business, financial condition and results of operations of the Group.

Risks associated with the guarantees provided to the Group in the course of its business

In the ordinary course of the Group's business and, in particular, in order to participate in competitive tenders, start the development or construction of a renewable project or to enter into off-take arrangements, the Group may be required to provide various third parties with bank guarantees and insurance bonds (including bid, advance payment, performance or guarantee bonds or sureties). The Group's ability to secure such guarantees and bonds from banks and insurance companies depends on such institutions' assessment of the Group's overall financial condition and, in particular, the financial condition of the project company concerned, the risks of the project, whether it is entering a new jurisdiction that requires it to secure an interregional credit arrangement, and the experience and competitive positioning that the Group has in the sector in which it operates. If the Group is unable to secure new guarantees and bonds or if it renegotiates existing guarantees and bonds on less favourable economic terms, its ability to carry out new projects could be impaired or become significantly more costly, which could have a material adverse effect on its business, financial condition and results of operations.

As of December 31, 2023, the Group has outstanding commercial guarantees and bonds in the aggregate amount of €70 million issued from outside of the financing perimeters, which are off-balance sheet items. In the event of cancellation, expiration or non-renewal of guarantees and bonds relating to on-going projects or if the Group is unable to obtain new guarantees and bonds, it may be unable to meet the terms and conditions of such ongoing contract, thereby losing the contract and adversely impacting its business, financial condition and results of operations. These guarantees and bonds are typically issued on a "first demand basis" and, therefore, may be paid on demand without conditions, without prejudice to the possibility of recourse in the event of wilful misconduct, or fraud. If called upon, the Group would be required to reimburse the entity issuing the guarantee or performance bond immediately or risk default under the relevant agreement.

The Group's inability to fulfil its contractual obligations could lead to the enforcement of such guarantees and bonds, which would affect its creditworthiness and its ability to obtain new guarantees or bonds or to renew the existing ones, which could have a material adverse effect on its business, financial condition and results of operations.

Risk of competition

The Group faces intense competition in most of the markets in which it is present. Due to increasing competition, the Group may not be able to develop projects with similar margins. It competes against various groups and companies in the renewables and/or energy storage sector, including large groups that may possess greater financial resources, technical capabilities or local awareness than the Group does, or may require a lower return on their investments and be able to present better technical or economic bids. This competition could intensify because of new companies, and private equity investors, entering the market as well as the consolidation of the industries in which it operates.

The Group's ability to successfully compete in these markets depends on its ability to foresee and react to various factors that affect competition in the industry, including those resulting from economic conditions. These factors include the identification of competitors as well as their strategies and their ability to conduct business, prevailing market conditions at a given time, rules applicable to new market and to the Group and the efficacy of its efforts to prepare for and confront competition. If the Group is not able to react to changes in the factors that affect competition in the industries where it operates, it may be unable to be awarded in tenders for projects or may be forced to develop projects under less favourable financial conditions than in the past to be still competitive in such tender process.

As the Group's competitors grow in scale, they may establish in-house engineering, procurement and construction ("**EPC**") and/or operation and maintenance ("**O&M**") capabilities, which may offset any current advantage the Group may have over them. Moreover, suppliers or contractors may merge with competitors, which may limit the Group's choices of suppliers or contractors and hence the flexibility of its overall project execution capabilities. As the renewable energy industry grows and evolves, the Group will also face new competitors who are not currently in the market. There can be no assurance that the current or potential competitors will not win bids for renewable and/or energy storage projects or offer services comparable or superior to those that the Group offers at the same or lower prices or adapt to market demand more quickly than the Group does. Increased competition may result in price reductions, reduced profit margins and profitability and loss of market share.

In addition, the Group faces competition from developers of other renewable energy facilities, including without limitation solar photovoltaic, storage, wind, thermal or biomass. Should these renewable sources become more efficient from a financial perspective, it could have a material adverse effect on the Group's business, financial condition and results of operations. Competition from such producers may increase if the technology used to generate electricity from these other renewable energy sources becomes more sophisticated. As the Group also competes with utilities generating power from conventional fossil fuels, a reduction in the price of coal, natural gas or diesel would make the development of renewable energy assets less economically attractive and the Group would be at a competitive disadvantage.

The Group is subject to counterparty default

The Group is exposed to the risk of counterparty default, which could adversely impact its financial stability. Counterparty default refers to the failure of the Group´s customers, suppliers, or other contractual partners to fulfil their obligations under agreements, such as, EPCs or PPAs.

The default of a counterparty can occur for various reasons, including financial distress, insolvency, bankruptcy, or operational challenges faced by the counterparty. Such events could disrupt the Group´s revenue streams, delay payments, or result in non-performance penalties, leading to financial losses and reputational damage.

As described in the Information Memorandum, the Group hedges certain risks (e.g., power price, FX, interest rates) through different hedge agreements (e.g., PPAs or swaps with financial institutions). Such hedge agreements mitigate the risks of movements in the underlying hedged exposure; however, they may become partially or totally inefficient if the relevant counterparty defaults on its contractual (including payment) obligations.

Risks arising from limited supplier agreements and maintenance of the facilities

If the Group is not able to obtain the necessary materials and components for their projects that meet quality, quantity and cost standards on time, their capacity to construct or develop a project could be interrupted and their production costs could be increased. As a result, the Group is exposed to third-party risk with respect to suppliers and/or contractors who may be engaged to construct, operate or maintain its projects. In the case of suppliers, the Group may, for example, not be able to identify new suppliers or approve their products for use in the projects in a timely manner and on commercially reasonable terms.

The Group's facilities are subject to unexpected upgrading and improvement. Any unexpected operational or mechanical failure, including failure associated with breakdowns and forced outages, and any decreased operational or management performance, could reduce the facilities' generating capacity below expected levels and reduce revenues as a result of generating and selling less power. Degradation of the performance of the facilities may also reduce revenues. Unanticipated capital expenditures associated with maintaining, upgrading or repairing the facilities may also reduce profitability.

Furthermore, even well-maintained high-quality renewable power plants may from time to time experience technical problems or breakdowns as a result of various factors including erroneous installation, aging, malfunction of components, thefts or criminal action, which may require extensive repair projects. Depending on the component that fails and the design of the plant parts, production capacity may be impacted. There is a risk that if the appropriate spare parts are not readily available, production may be delayed. Materials and components from new suppliers may also be less suitable for the technology and result in lower efficiency that may materially adversely affect the business, financial condition and results of operations of the Group.

Additionally, changes in technology, regulation adjustments or disruptive technology outbreaks in the industry in which the Group operates, may require it to make additional capital expenditures to upgrade its facilities. The development and implementation of such technology entails technical and business risks and significant costs of employee implementation. These factors could impair the Group's ability to successfully compete in the industry, which could have a material adverse effect on its business, financial condition and results of operations.

Risks related to the meteorological conditions

The electricity produced and revenues generated by the Group's renewable projects are highly dependent on solar and wind conditions, suitable water resources available, and associated weather conditions, which are beyond the Group's control. Furthermore, components of its projects, such as wind turbines, solar panels and inverters could be damaged by severe weather, such as, for example, hailstorms, tornadoes, lightning strikes, earthquakes or floods. Unfavourable weather and atmospheric conditions could impair the effectiveness of its assets or reduce their output beneath their rated capacity or require shutdown of key equipment, impeding operation of its renewable assets. Sustained unfavourable weather could also unexpectedly delay the installation of renewable energy systems, which could result in a delay in the Group deploying new projects or reduce the competitiveness of such projects.

Unfavourable meteorological conditions, such as the ones described in the previous paragraph, could also impair the Group's ability to achieve certain performance guarantees pursuant to its PPAs, the minimum equivalent hours under Regulated Remuneration Systems as well as forecasted revenues and cash flows. Renewable project investment decisions are generally based on performance forecasts that are inherently subject to uncertainties that can result in lower than projected production levels and power generation revenues.

The Group bases its investment decisions with respect to each renewable project on the findings of related renewable resource studies conducted on-site prior to construction. However, actual climatic conditions and potential future adverse changes at a project site may not conform to the findings of these studies and therefore the facilities may not meet anticipated production levels, which could impair the Group's ability to successfully compete in its industry and which could have a material adverse effect on its business, financial condition and results of operations. The Group may not be successful in future public or private bids if it underestimates production levels.

Furthermore, risks from earthquakes as well as climate change, including but not limited to, increased runoff and earlier spring peak discharge in many glacier and snow fed rivers, warming of lakes and rivers, an increase in sea level, changes and variability in precipitation or sun exposure and in the intensity and frequency of extreme weather events, may affect the facilities or operations or those of the customers. Physical impacts resulting from earthquakes or climate change effects may have the potential to significantly affect the Group's business and operations. For example, extreme weather events could result in increased downtime and operation and maintenance costs at the renewable power plants. Variations in weather conditions, primarily temperature and humidity, also would be expected to affect the energy needs of customers. A decrease in energy consumption could impair the Group's ability to successfully compete in its industry, which could have a material adverse effect on the Group's business, financial condition and results of operations.

b) Risks due to macroeconomic factors

The Group's business could be adversely affected by the deterioration of global economic conditions

The business performance of the Group is closely connected with the economic development of the countries and regions in which the Group carries out its activities. The business operations, as well as the financial condition and the results of operations of the Group, may be adversely affected by the global economic environment, and in particular the economic environment in those zones where there is a greater concentration of the Group's operating assets (in particular Chile, France, Italy, Japan, and Spain).

According to the World Economic Outlook Update dated April 2024, the global economy remains remarkably resilient, with growth holding steady as inflation returns to target. Furthermore, there is a decrease in long-term negative impact of the pandemic on the economy of many countries and regions, particularly for developing countries, thanks in part to the strong growth in employment.

Global growth is projected at 3.2 percent during 2024 and 2025, with the 2024 forecast 0.1 percentage point higher than that in the January 2024 World Economic Outlook on account of greater-than-expected resilience in the United States and several large emerging market and developing economies, as well as fiscal support in China.

Global headline inflation is expected to fall from 6.8% in 2023 to 5.9% in 2024 and to 4.5% in 2025. Underlying (core) inflation is projected to decline more gradually, and forecasts for inflation in 2024 have been revised upwards. Spanish growth is projected at 1.9% in 2024 and 2.1% percent in 2025 and European's growth is projected at 0.8% in 2024 and 1.5% in 2025. The Group shows a moderate degree of geographical diversification with the most part of its sales recorded in the European Market as of the end of 2023.

c) Financial risks

Liquidity and funding risk

The Group is subject to liquidity risk and cannot guarantee a balance between the flexibility, term and conditions of the credit facilities in accordance with the needs of funds foreseen in the short, medium and long term. For example, a long period of market turmoil, particularly in the event of tightening of bank credits, could impede the renovation of credit facilities and reduce the Issuer's or the Guarantors' liquidity.

Interest Rate Fluctuations

Changes in interest rates may affect the fair value of assets and liabilities that accrue a fixed interest rate and the future flows from assets and liabilities indexed to a variable rate.

The Group may try to limit its exposure to the interest rate risk by procuring funds through fixed-rate loans and using interest rate swaps.

As of the date of the Information Memorandum, more than 80% of the Group's debt is either fixed rate or hedged with interest rate swaps. Funds procured at floating interest rates, not fully hedged, are affected by interest rate fluctuations. Furthermore, the fluctuation of interest rates in the future may affect the funding cost of the Group and, as a consequence, its profitability, earnings and cash flow.

Foreign currency fluctuation risk

The international activity of the Group involves the generation of income, investment and indebtedness in certain currencies other than the functional of the Group (euros). The main foreign currencies in which the Group operates are the Euro, US Dollar, Japanese yen, British pound and Polish Zloty. The Group is exposed to the Chilean peso, mainly for operational expenditures.

To reduce the risk inherent to structural investments in foreign businesses with a functional currency other than the euro, the Group aims to borrow in the same functional currency as the assets it finances and also, in some cases, may contract currency swaps and/or exchange rate insurance.

Foreign currency rate fluctuations expose the Group to the risk of exchange rate losses, and therefore could have a material adverse effect on the financial condition and the results of operations of the Group.

d) Risks relating the Group's ability to implement its strategy

Risks related to the Group's presence in international markets

The assets and projects of the Group are located in various countries, such as Chile, France, Germany, Italy, Japan, Poland, Portugal, Spain, United Kingdom and United States of America.

As of December 31, 2023, consolidated revenues from contracts with customers were generated with the following distribution: Spain (38.41%), Chile (19.02%), Italy (15.00%), Japan (14.40%), France (12.76%), Germany (0.28%), United Kingdom (0.11%), and Poland (0.02%).

In addition, the entities of the Group are exposed to the risk of transactional exchange rate to the extent that they carry out transactions in currencies other than the functional currencies of the different subsidiaries of the Group.

Risks related to technological changes

The technologies used in the sectors in which the Group operates are subject to fast and continued development. Increasingly complex technological solutions, which are continuously evolving, are used in these sectors. Should the Group be unable to react appropriately to the current and future technological developments in the sectors in which it carries out its activities, this could have material adverse effects on the business, the financial condition and the results of operations of the Group.

Risk of dependency on key personnel and local partners

The ability to operate the business of the Group and implement its strategies depends mainly on the continued contributions of its senior leadership team, senior management team, engineers, asset managers and other key employees within various functions of the Group. In the event that certain members of the board of directors of the Parent Company, or senior leadership and management teams or other key personnel cease to actively participate in the management of the Group, it may impair the ability of the Group to successfully compete in the industry maintaining its culture and identity, which is what differentiates it from other competitors.

Additionally, and at lower degree, the unplanned loss of one or more of the key personnel, or the Group's failure to attract and retain additional key personnel, could have a material adverse effect on its business, financial condition and results of operations.

In addition, the future growth and success of the Group is based on its ability to attract, recruit, develop and retain skilled managerial, administration, operating and technical personnel. In general, the recruitment of personnel with degrees in mechanical and electrical engineering, project management skills and others in the field of alternative energy is highly competitive due to a scarcity of people with the appropriate training and experience.

The unplanned loss of the services of any members of senior management may adversely affect business and result in a delay in the administration or decision-making processes until a suitable replacement can be found. The loss of any of the key project managers, engineers or developers may also have a material adverse effect on business, since it could result in delays in projects' completion, unless and until qualified replacement is found.

There may be a limited number of persons with the requisite competencies to serve in these positions and it cannot be assured that the Group would be able to locate or employ such qualified personnel on terms acceptable to the Group, or at all, which may impact relationships with customers and/or suppliers.

e) Legal, Regulatory and Compliance Risks

Legal risks related to licensing and approvals

The Group is required to obtain various interconnection, environmental, construction and other administrative approvals in connection with its development, construction and operations in the countries in which it operates. It typically takes several years to obtain all the necessary permits for a project, when referring to the "development from the beginning" phase, mainly linked to site control, public domain concessions, environmental authorizations, interconnection and building permits. The permit process varies across geographies, and in most cases requires interaction with different public and private entities for approvals.

Although the Group is directly or through subcontractors actively pursuing the necessary licenses, authorizations, concessions and permits required to carry out the construction works in its development phase projects, the Group cannot ensure it will be successful in the future. it may be unable to obtain all licenses, authorizations, concessions and permits required for the projects that it is planning in time or at all. Procedures for obtaining authorizations vary from country to country and requests may be rejected by the relevant authorities for many reasons, or they may be approved, but with significant delays. The process of obtaining permits can be further delayed or hindered by changes in national or other legislation or regulation or by opposition from communities in the areas affected by a project. Moreover, certain permits that have been granted to them could be contested or revoked, affecting their ability to develop the project.

In addition, failure to comply with applicable laws, regulations or recognized international standards or to obtain or renew the necessary permits and approvals (including the threat of issued but contested and revoked permits) may result in (i) the loss of the right to operate the facilities or continue the operations; (ii) the imposition of significant administrative liabilities or costly compliance procedures; or (iii) other enforcement measures that could have the effect of closing or limiting production from the operations. For example, if the Group were to fail to meet environmental requirements or have a major accident or disaster, it could also be subject to administrative, civil or criminal proceedings by governmental authorities as well as civil proceedings by environmental groups or other individuals. Such events could result in substantial fines, penalties and damages against the Group as well as orders that could limit, halt, or even cause the closure of the operations, any of which could impair the ability the Group to successfully compete in the industry, which could have a material adverse effect on the Group's business, financial condition and results of operations.

Laws, governmental policies and taxation and labour regimes

The Group operates in a highly regulated sector and is subject to numerous laws and regulations in each of the countries and segments in which it operates. It operates its activities in a range of international jurisdictions, including emerging markets and markets with political uncertainties. The recent macro and geopolitical situation is making it increasingly difficult to grant a degree of predictability regarding future changes to the laws or regulations (or their interpretation) applicable to its business.

The regulatory framework for electrical power production from renewable resources varies from country to country and is subject to changes that are difficult to foresee. Therefore, certain amendments in applicable energy laws or regulations, or in the interpretations of these laws and regulations, could result in increased compliance costs or the need for additional capital expenditures or may have a negative effect on the Group. In the event that more restrictive or unfavourable laws or regulations, including more burdensome requirements applying to existing assets such as additional mandatory control procedures, or moratoria on the development of certain sites or certain technologies, are adopted in any of the countries in which the Group operates, such new requirements may give rise to increased investments and production costs, may slow business development and may have an adverse effect on the Group's business, financial condition and results of operations.

Furthermore, national and local laws and regulations in the renewable energy sector are often complex and fragmentary, and their application and interpretation by the relevant authorities is sometimes unpredictable and inconsistent. The Group may therefore be subject to claims or proceedings and regulatory enforcement actions raised by a legal or regulatory authority in the ordinary course of its business or otherwise. Such proceedings may include, in some cases, inspection proceedings, for example, in respect to the compliance of its assets with environmental regulations and the conditions of its authorizations as well as in respect of compliance with the sectorial regulations. The results of legal and regulatory proceedings, and any applicable fines or sanctions if any violations were detected as a result of such proceedings, cannot be predicted with certainty.

Moreover, the difficulty to anticipate and respond appropriately to changes in law or regulatory schemes in jurisdictions where the Group operates could adversely affect its business, including, but not limited to:

(i) changes in law regarding the determination, definition or classification of costs to be included as reimbursable or pass-through costs to be included in the rates the Group charges customers, including but not limited to costs incurred to upgrade hydropower facilities, wind farms or solar photovoltaic plants to comply with more stringent environmental regulations;

(ii) changes in regulations regarding the determination of what is a reasonable rate of return on invested capital, standard costs or other remuneration parameters, or a determination that a utility's operating income or the rates it charges customers is too high, resulting in a reduction of rates or consumer rebates. For example, in Spain, changes in the wholesale electricity pool market price and its settlement may have a negative impact on the Group's business, specially taking into account the unexpected changes in electricity price that have taken place the last years;

(iii) adverse changes in tax law;

(iv) changes in the definition of events which may or may not qualify as changes in economic equilibrium;

(v) changes in import tariffs of the main equipment used in hydropower, wind or solar photovoltaic assets and sourced from specific countries, such as photovoltaic modules, inverters, wind turbines as is the case in Europe, which would increase the investments costs of the future projects; and

(vi) other changes related to licensing or permitting which increase the Group's capital or operating costs or otherwise affect its ability to conduct business.

Any of the above events may result in lower margins for the affected businesses or could impair the Group's ability to successfully compete in its industry, which could have a material adverse effect on the Group's business, financial condition and results of operations.

Dependency on various provisions under environmental law

The Group operates in different businesses and jurisdictions with increasing environmental law and regulation requirements. Consequently, the Group is subject to strict environmental, health and safety laws and regulations, as well as the conditional requirements imposed by independent government agencies as part of their project financing. It is also required to obtain and maintain environmental permits, licenses and approvals for the operation of its facilities, construction of new facilities or the installation and operation of new equipment required for its businesses. Permits, licenses and approvals are generally subject to periodic renewal and challenge from third parties.

Government environmental agencies, and in some jurisdictions environmental advocacy groups and/or other private parties, could take enforcement actions against the entities of the Group for any failure to comply with applicable laws and regulations or environmental permits. Such enforcement actions could include, among other things, the imposition of fines, liabilities or capital improvements, revocation of licenses, suspension of operations or imposition of criminal liability for non-compliance and any of the foregoing environmental issues could result in the dismantling of its plants.

Environmental laws and regulations can also impose joint, several and strict liability for the environmental remediation of releases and discharges of hazardous materials and wastes (as designated in the relevant legislation) at its currently and formerly owned, leased and operated sites and at third-party sites to which the entities of the Group have sent waste, and could require the entities of the Group to incur significant costs to investigate or remediate resulting contamination or to indemnify or reimburse third parties for the same. The costs to comply with environmental, health and safety laws, regulations and requirements and any related liabilities may not be recoverable from the entities of the Group's counterparties or customers and may consequently divert funds away from planned investments in a manner that could have a material adverse effect on the Group's business, financial condition and results of operations.

Risks related to national and international political measures to promote renewable energies

The implementation and profitability of projects of the Group in renewable energies depend materially on the political and legal conditions for the promotion of such projects. Although in recent years renewable energy initiatives have been generally supported by the public authorities in those jurisdictions in which the Group is active, the Group believes that the renewable energy industry will need to be able to compete on a non-subsidised basis with both conventional and other alternative energy sources going forward. As public sector subsidies and other incentives are progressively withdrawn in those jurisdictions in which the Group implements renewable energy projects, this could result in the costs to the Group of implementing those projects increasing and there can be no assurances that the Group will be able to recover those costs from end-users of renewable energy. As result, the withdrawal of subsidies and incentives to renewable energy production, or any public statement by a relevant public authority to do so, could have a material adverse effect on the business, the financial condition and the results of operation of the Group.

The activity of the Group could be jeopardised in two ways if the regulators in the countries where it operates modify the economic incentives for promoting sustainable energy sources. On the one hand, its activity could be jeopardised as a result of potential decrease, or withdrawing, of the support (in various forms) provided by the public sector for installing new plants which generate renewable energy, in addition to a reduction in the number of new projects in this sector. On the other hand, it could be subject to possible negative effects to the term and/or in the sale price of shares for projects previously undertaken by the Group. Any negative impact on the renewable energy markets in which the Group is active could have a material adverse effect on the financial condition and the results of operations of the Group.

Risks resulting from judicial and administrative proceedings and other legal disputes

The Group is party to a series of judicial and other legal proceedings and disputes. In most cases, the pending judicial proceedings and other legal disputes of the Group have their origin in the ordinary business activities of the Group. These judicial proceedings result from the Group's relations towards clients, suppliers, employees or authorities, or activities carried out by the Group entities in Spain or abroad. The outcome of these judicial proceedings and disputes is uncertain and cannot be predicted with reasonable certainty.

Even though the Group might create provisions in its accounts in accordance with the best possible estimates based on available information, any pending and future judicial proceedings (which might have not been already provisioned if such proceedings appear after the closing of the relevant annual accounts) or other legal disputes may have a material adverse effect on the business, the financial condition and the results of operations of the Group.

In addition, the Group may be in the future involved in certain proceedings regarding antitrust issues. At the date of the Information Memorandum, there is no company within the Group involved in any material judicial proceeding, but the Group cannot assure that this circumstance will change in the future. In any event, even though there are no current material procedures alive, it may have a material adverse effect on the business, the financial condition and the results of operations of the Group.

Risks resulting from liabilities related to the Group's business activities

Power generation involves hazardous activities, including delivering electricity to transmission and distribution systems. In addition to natural risks such as earthquake, flood, lightning, hurricane and wind, other hazards such as fire, structural collapse and machinery failure are inherent risks in the Group's operations. These and other hazards can cause significant personal injury or loss of life, severe damage to and destruction of property, plant and equipment and contamination of, or damage to, the environment and suspension of operations.

The occurrence of any one of these events may result in the Group being named as a defendant in lawsuits asserting claims for substantial damages, including for environmental clean-up costs, personal injury and property damage, and fines and/or penalties. The Group maintains an amount of insurance protection, contracted with insurers of recognised solvency, that are considered adequate and in line with industry practice, but it cannot be provided any assurance that this insurance will be sufficient or effective under all circumstances and against all hazards or liabilities to which the Group may be subject. Furthermore, insurance coverage is subject to deductibles, caps, exclusions and other limitations. A loss for which the Group is not fully insured could have a material adverse effect on its business, financial condition and results of operations.

Further, due to rising insurance costs and changes in the insurance markets, it cannot be provided any assurance that the insurance coverage will continue to be available at all, or at rates or on terms similar to those presently available. Any losses not covered by insurance could impair the ability of the Group and the entities of the Group to successfully compete in the industry, which could have a material adverse effect on their business, financial condition and results of operations.

Further, the projects undertaken often put employees and others in close proximity to large pieces of mechanized equipment, moving vehicles, manufacturing or industrial processes and also hazardous and other highly regulated materials, which, if improperly handled or disposed of, could subject the Group and the entities of the Group to civil and criminal liabilities. On most projects, the Group is responsible for safety, being subject to regulations dealing with occupational health and safety. For this reason, personnel whose primary purpose is to ensure effective health, safety, and environmental work procedures throughout the Group's organization are implemented (including construction sites and maintenance sites) are maintained. If such regulations or such procedures fail to be implemented (or if the procedures implemented are ineffective) employees and others may be seriously or fatally injured, which could subject the Group to liability. Additionally, unsafe work sites also have the potential to increase employee turnover, the cost of a project to customers or the cost of operation of a facility, raising operating costs, which, together with the above-mentioned, could result in financial losses, which may have a material adverse effect on the business, financial condition and results of operations of the Group.

Risks due to tax disputes

On the one hand, the risk arising from changes in tax legislations that could not be foreseen at the time when investment decisions where adopted. This could affect the achievement of the investment return objectives if the tax factor was relevant. Moreover, changes in tax laws could jeopardise the effective use of tax credits, generating a deviation in the cash flow for the payment of taxes.

Although the corporate tax policy of the Group determines that a prudent tax practice must be followed, the interpretation of the tax laws in different tax jurisdictions could trigger material tax disputes or legal proceedings, such that claims could materially adversely affect the business, financial condition or results of operations of the Group.

The Group's anti-money laundering, anti-terrorism, anti-corruption and anti-bribery policies may be circumvented or otherwise not be sufficient to prevent all money laundering, terrorism financing or bribery

The Group is subject to rules and regulations regarding money laundering, the financing of terrorism, corruption and bribery, including the collection and processing of confidential information. Monitoring compliance with anti-money laundering, anti-terrorism financing rules, anti-corruption and anti-bribery rules can create a financial burden for the Group and pose significant technical problems. Although the Group believes that its current policies and procedures are sufficient to comply with applicable rules and regulations, it cannot guarantee that its anti-money laundering, anti-terrorism financing, anti-corruption and anti-bribery policies and procedures will not be circumvented or otherwise be sufficient to prevent all money laundering, terrorism financing, corruption or bribery. Similarly, any confidentiality procedures may not be sufficient to prevent misuse or improper disclosure of confidential information relating to or received by the Group. Any of such events may have severe consequences, including sanctions, fines and notably reputational consequences, which could have a material adverse effect on the Group's business, financial condition and results of operations.

Political instability, war, international hostilities, pandemics and other national emergencies risk

The Group’s business, results of operations, cash flows and financial condition may be adversely affected by the effects of political instability, war, international hostilities, accidents, natural disasters, pandemics, terrorism or other emergencies. In the event of uninsured loss or a loss in excess of the insured limits, the Group could suffer damage to its reputation. Any of these occurrences could cause a significant disruption in the business of the Group and could adversely affect its business operations, financial position, and operational results.

1.2 Risks relating to the Issuer

The interests of the holders of the Notes could differ from the interests of the Parent Company, the Issuer or the Guarantors

As of the date of the Information Memorandum, the sole shareholder of the Issuer is Sonnedix B.V., a company within the Group duly incorporated in the Netherlands and wholly and directly or indirectly owned by the Guarantors (which are in turn wholly and directly or indirectly owned by the Parent Company). The interests of the sole shareholder of the Issuer, the Parent Company, the Issuer or the Guarantors may differ from the interests of the Noteholders, for example, regarding any acquisitions or sales made or the timing and amount of dividends paid by the Issuer. The Parent Company is neither the ultimate beneficial owner of the Issuer nor the Group, and the interests of the ultimate beneficial owners of the Group may differ from the interests of the Noteholders.

The corporate goals of the shareholders of the Parent Company, the Issuer or the Guarantors may not always align with the Issuer and there can be no assurance that the interests of the Parent Company, the Guarantors nor the Issuer nor the sole shareholder of the Issuer will coincide with the interests of the Noteholders or that the Parent Company, the Guarantors or the Issuer or the sole shareholder of the Issuer will act in a manner that is in the Noteholders’ best interests.

In addition, the Issuer is a recently incorporated company (newco) which does not hold any assets (except its share capital) nor has any current business. The Issuer was acquired as a newco and its only purpose is the issue of the Notes, which are guaranteed by the Guarantors. Therefore, as of the date of the Information Memorandum, the Issuer has not prepared, audited nor approved annual accounts nor is it included in the perimeter of consolidation of the audited consolidated annual accounts of the Guarantors as of the fiscal years ended on 31 December 2022 and 2023.

Risk derived from investments with other investment partners

The Group has made investments in certain strategic development projects with third parties in order to take advantage of certain business opportunities and make current and future projects viable.

As part of its international growth strategy, the Group may execute certain agreements with local companies whose experience, knowledge and history in the given market where the Group wishes to develop is greater than its own. Notwithstanding its internal control protocols for the search and selection of appropriate partners, the Group cannot guarantee that the partners chosen for these agreements will be the most appropriate or qualified for the market in question. In the event that any of these partners turn out to be inadequate, the consortia may not be successful. Moreover, in pursuing future business opportunities through strategic partnerships, the Group may not be able to form new consortium on satisfactory terms, if at all, which could have a material adverse effect on its business, financial condition and results of operations.

1.3 Risks relating to the Notes

Market risk

Each of the Notes (*pagarés)* is a fixed-income security and its market price is subject to possible fluctuations, mainly concerning the interest rate. Consequently, the Group cannot guarantee that the Notes will be traded at a market price that is equal to or higher than the subscription price.

Credit risk

The credit risk would materialize when the Issuer and the Guarantors are unable to comply with commitments assumed, and this could generate a possible economic loss for the counterparty.

The Notes are secured by the assets of the Issuer and by the English law guarantee given by the Guarantors under the Guarantee Deed (as this term is defined below) and in accordance with the provisions of section 21 below.

Risk of change in the Issuer's or the Guarantors' solvency

The Issuer's or a Guarantor's solvency could deteriorate as a result of an increase in borrowings or due to deterioration in their respective financial ratios, which would represent a decrease in the Issuer's or a Guarantor's capacity to meet its debt commitments.

The Noteholders ability to sell the Notes may be limited

The Group cannot assure each of the Noteholders as to the liquidity of any market in the Notes, their ability to sell the Notes or the prices at which would be able to sell their Notes. Future trading prices for the Notes will depend on many factors, including, among other, prevailing interest rates, the Group operating results and the market for similar securities.

Although an application will be made for each of the Notes to be listed on the MARF, the Group cannot assure that the Notes will be or will remain listed. Although no assurance is made as to the liquidity of the Notes as a result of the admission (*incorporación*) to MARF market, the failure to be approved for admission (*incorporación*) or the exclusion (whether or not for an alternative admission (*incorporación*) to listing on another stock exchange) of each of the Notes from the MARF market may have a material effect on a holder's ability to resell the Notes, as applicable, in the secondary market.

Notes may not be a suitable investment for all investors

Each potential investor in any Note must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Note, the merits and risks of investing in the relevant Note and the information contained or incorporated by reference in the Information Memorandum or any applicable supplement;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Note and the impact such investment will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Note;

(iv) understand thoroughly the terms of the relevant Note and be familiar with the behaviour of any relevant indices and financial markets; and

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Risk relating to Spanish Insolvency Law

According to the classification and order of priority of debt claims laid down in the Royal Legislative Decree 1/2020, of 5 May, approving the revised text of the Insolvency Law (*Real Decreto Legislativo 1/2020, de 5 de mayo, por el que se aprueba el texto refundido de la Ley Concursal*), in its current wording (the "**Insolvency Law"**), in the event of insolvency (*concurso*) of the Issuer, claims relating to each of the Notes (which are not subordinated pursuant Article 281 of the Insolvency Law) will be ordinary claims (*créditos ordinarios*). Those ordinary claims will rank below creditors with privilege (*créditos privilegiados*) and above subordinated credits (*créditos subordinados*) (unless they can be classed as such under Article 281 of the Insolvency Law) and would not have any preference among them. According to Article 281 of the Insolvency Law, the following claims, among others, are classed as subordinated claims:

(i) Claims which, having been communicated late, are included by the insolvency administrators (*administradores concursales*) in the list of creditors, and those which, having not been communicated or having been communicated late, are included in such list as a result of subsequent communications, or by the judge when resolving on an action contesting the list.

(ii) Claims corresponding to surcharges and interest of any kind, including late-payment interest, except for those corresponding to claims which are secured by an in rem guarantee, up to the amount covered by the respective guarantee.

(iii) Claims held by any of the persons specially related to the debtor, as referred to in Articles 282 and 283 of the Insolvency Law.

In addition to the above, the Guarantors are subject to the applicable laws of Bermuda and England and Wales, with their particularities regarding the classification and order of priority of debt claims.

2. FULL NAME OF THE ISSUER AND THE GUARANTORS, ADDRESS AND IDENTIFICATION DATA

2.1 General information

The Issuer is a public limited company (*sociedad anónima*) governed by the Spanish Companies Act (*Ley de Sociedades de Capital*) and its implementing regulations, and was incorporated on 10 April 2024, for an indefinite period of time.

The Issuer was incorporated pursuant to a public deed granted on 10 April 2024 before the Notary Mr. Eduardo Ávila Rodríguez under number 1,275 of his protocol with the corporate name Abbotsbury, S.A.

On 10 May 2024, the Issuer was acquired by Sonnedix B.V., a Group Company, directly (Sonnedix UK Services Limited) and indirectly (Sonnedix Solar Holdings Limited) owned by the Guarantors and indirectly owned by the Parent Company, who resolved, among other actions, to change the corporate name to Sonnedix España Commercial Paper, S.A.U., and to amend its corporate name and purpose.

Its registered office is established at Calle Príncipe de Vergara, 108, Madrid, 28002. The Issuer is registered in the Madrid Companies Register under volume 46,743, page 68 and sheet M-820,478.

The share capital stock of the Issuer is represented by 60,000 shares with a par value of 1 euro each, meaning a nominal value of 60,000 euros. The shares are fully subscribed and paid in.

The Issuer's corporate tax identification number is A-70983150 and its LEI code is 959800V4FLNQXL5EPY45.

The website of the Parent Company is https://www.sonnedix.com/

The Issuer does not have its own website, but all relevant information can be found on the Parent Company´s website.

As the Issuer is a recently incorporated company (newco), as of the date of the Information Memorandum, it has not prepared, audited nor approved annual accounts nor is included in the perimeter of consolidation of the audited consolidated annual accounts of the Guarantors as of the fiscal years ended on 31 December 2022 and 2023.

The audited consolidated annual accounts of the Guarantors for the fiscal years ended on 31 December 2022 and 31 December 2023 are attached hereto as **Schedule 1**.

The biographical information for each of the current members of the Board of Directors of the Parent Company, including a brief description of each Director's business experience and education, is available at the following link:

https://www.sonnedix.com/about/leadership

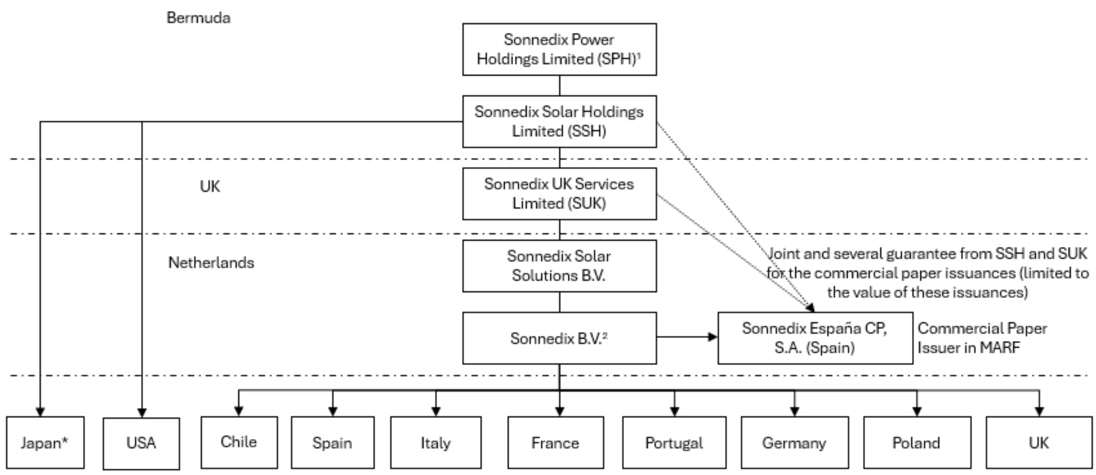
The Issuer is a newly incorporated company, having been incorporated by public deed before the notary public of Madrid Mr. Eduardo Ávila Rodríguez, on 10 April 2024, under number 1275 of his protocol. Therefore, it has not yet completed a financial year and, consequently, has not prepared audited individual annual accounts.

2.2 Brief description of the Group

A. Organizational structure of the Group

As of the date of the Information Memorandum, the sole shareholder of the Issuer is Sonnedix B.V., and the Group is c99.9% owned by a perpetual life private investment vehicle advised by J.P. Morgan Asset Management, and the remaining c0.1% by senior management.

The following diagram shows the simplified organisational structure chart of the Group as of the date of the Information Memorandum:



1 the Group is c99.9% owned by a perpetual life private investment vehicle advised by J.P. Morgan Asset Management

2 Excluding Japan. Underneath Sonnedix B.V. there are holdings for countries, and/or sub holdings, and/or SPVs carrying out development, construction and operational activities relating to the renewable projects.

** Note that all references to the Group's development, construction and operational activities and/or projects which are located in Japan are references to investments which have been made via a "Tokumei Kumiai" ("TK") partnership structure.*

Note that all references to the Group's development, construction and operational activities and/or projects which are located in Japan are references to investments which have been made via a "Tokumei Kumiai" ("TK") partnership structure.

B. Corporate purpose

The corporate purpose of the Issuer is as follows:

- the acquisition, disposal, holding and exploitation of real estate; the development of urban real estate for lease;

- the acquisition, alienation, holding and exploitation of movable property, vehicles of all types, times and places; machines of all types; paintings of all types and times; sculptures of all types and times; ceramic objects for any application and use; minerals of all types and values; intellectual works of all types, such as literary, scientific audiovisual, musical, translations, computer programs and photographs; securities in general, excluding those activities that the special legislation, as well as the Capital Companies Act (Royal Legislative Decree 1/2010, of July 2, hereinafter the Act) attributes exclusively to other entities;

- the negotiation and exploitation of patents, trademarks, licenses, know-how and intellectual property rights;

- the intermediation in commercial, business and real estate transactions, not reserved by law to certain entities or professionals;

- the issuance of ordinary or unsubordinated, subordinated or any other type of debt instruments, and of preferred participations or other hybrid instruments with the guarantee, if applicable, of other companies of the group, as this term is defined in Article 42 of the Code of Commerce, as well as the granting of loans and credits to the companies that make up said group from time to time, in accordance with the provisions of the First Additional Provision of Law 10/2014, of June 26, on the regulation, supervision and solvency of credit institutions and the regulations that develop or replace it.

The objects for which the Guarantors are formed and incorporated are unrestricted.

The business activity of the Group is the acquisition, development, construction, and operation of renewable energy projects to be used for the generation and sale of electrical energy.

C. Group's Activity

Founded in 2009, Sonnedix is a leading global renewable energy producer with a proven track record in delivering high performance cost competitive renewable energy projects to the market. The Group holds a track record of delivery since 2009 with strong in-house team, supported by a workforce comprising more than 500 employees with technical capabilities for engineering, construction, operations, and maintenance with transaction speed above market. More than 900 MW developed in-house to commercial operation in the last 4 years and M&A activities, has successfully increased the global portfolio, being one of the key global players, with an operating capacity over 3.2GW.

Sonnedix controls more than 10GW of total capacity across ten countries in three continents, including a pipeline of over 6GW and with strong appetite to expand in OECD countries through development and acquisition. So far, more than USD 7 billion have been invested in renewable energy projects globally.

A growing global platform, with Chile, Italy, Spain and Poland accounting for the highest solar photovoltaic plant pipeline and Italy, Chile, Poland and the UK comprise the highest planned solar photovoltaic plant developments. New capacity additions are located both in geographies with existing presence, including Italy, Chile, France and Spain, as well as in regions Sonnedix aims to further expand into, such as Poland and the USA.

Country/Stage	Operational	Construction	Development Pipeline	Total
Chile	1,150	-	1,930	**3,080**
Italy	354	382	1,390	**2,126**
Spain	839	300	293	**1,432**
Poland	2	21	1,130	**1,153**
France	317	-	523	**840**
Japan	495	-	113	**608**
USA	-	-	463	**463**
UK	4	292	153	**449**
Portugal	49	173	14	**236**
Germany	5	-	92	**97**
Total	**3,215**	**1,168**	**6,101**	**10,484**[1]

Global controlled capacity in MWp

D. Group's Revenues

The Group´s consolidated revenue from contracts with customers is detailed below:

Country	2023	% by Country
Spain	326,724	38.41%
Chile	161,746	19.02%
Italy	127,553	15.00%
Japan	122,459	14.40%
France	108,508	12.76%
Germany	2,412	0.28%

[1] Group figures at the date of the program registration.

UK	960	0.11%
Poland	210	0.02%
Portugal	-	0.00%
USA	-	0.00%
Total	**850,572**	**100.00%**

Figures in EUR thousands[2]

F. Administrative and management bodies

The management of the Issuer is entrusted to a sole director *(administrador único),* Sonnedix España, S.L.

The management of SSH is entrusted to two directors, Sonnedix Power Holdings Ltd and Ian Stone.

2.3 Senior management

The Group's senior leadership team is comprised of the following people:

Carlos Guinand - *Executive Chairman*

- Co-founder of the Group in 2009.
- Executive Chairman of the Group since 2012[3].
- Wide-ranging expertise across industries including the solar sector and has significant experience managing a portfolio of private equity investments in South America and Europe.

Axel Thiemann - *Chief Executive Officer*

- Appointed CEO in September 2018.
- Joined the Group in 2011 as COO.
- Previous experience in banking sector, including senior roles at Barclays from 2006 to 2011, and 5 years of experience as a management consultant at McKinsey & Company.

Miguel A. García - *Chief Financial Officer*

- Appointed CFO in May 2024.

[2] 2023 consolidated SSH annual accounts figures.

[3] Carlos Guinand also holds the positions of the Chairman of the Board, and non-executive Chairman, of Nadara; the recently merged Ventient Energy and Renantis renewable independent power producers (IPPs), with a combined installed capacity of 4.2 GW and an 18 GW pipeline.

- Joined the Group in 2013, holding various positions such as Head of Project Finance Europe, Chief of Staff to the CEO, Head of Strategy, and Representative Director for Sonnedix Spain.
- Previous experience as Deputy Director for Reporting at Vector Cuatro (now Vector Renewables) and as senior auditor at Deloitte.

Juan M. Fernández - *Chief Operating Officer*

- Appointed COO in 2023.
- Joined the Group in March 2017 as Head of Asset Management and Integration for Spain, and Global Head of Asset Management.
- Previous experience as Head of Asset Management, EMEA at SunEdison.

Maurizio Grassi - *Chief Growth Officer*

- Appointed Chief Growth Officer in July 2021, driving the growth strategy and delivering the development and acquisition activities of the Group.
- Joined the Group in 2013.
- Previous experience in several management roles related to renewable energy, as CFO for Enfinity Italia and CFO of Energos, an EPC and O&M company in Italy.

Mel Rowlands - *General Counsel*

- Joined the Group in 2023 as General Counsel.
- Previously Group General Counsel at Smiths Group (a FTSE 100 company).
- Previous experience leading large international teams including legal, compliance, regulatory, hr, health and safety and government affairs in both public and privately owned international businesses and in multiple sectors, as well as working with public and private company boards.

Stephen Taylor - *Chief People Officer*

- Appointed as Chief of People Officer in July 2021, joined the Group in 2018.
- Previously held HR director roles in HS2, Barclays, and the BBC, amongst others.
- Expertise in strategic decision-making, business integration, M&A, and facilitating the growth and journey of companies as they scale.

2.4 Milestones of the Group

The main milestones of the Group are summarized below:

2009:

- Sonnedix is incorporated in October 2009.

- First solar photovoltaic plant: start of construction of Sonnedix Dinard with 0.8MW installed capacity in France.

2014:

- Institutional investors advised by J.P. Morgan Asset Management acquire a 50% stake in the Group.

2016:

- Institutional investors advised by J.P. Morgan Asset Management acquire substantially all of the Group.

2017:

- 136MW Vela portfolio of operating PV plants acquired in Spain.

2018:

- Sonnedix named GRESB ESG Global Solar Power Generation Sector Leader, awarded 5-star rating (maintained yearly until present date, including achieving for the first time a perfect 100% score from GRESB in 2023).

2020:

- €1 bn raised in closed financings that year.
- 170MW Atacama plant completed in Chile.
- 8 private PPAs signed for 520GWh in Spain, Japan and Chile.
- Over 1GW of operating capacity.

2021:

- Entry in new market: Germany.
- Awarded 39% of total energy supply at Chile's Renewable Energy Auction (~424MW).
- The Group is named Solar Gender Champion by SolarPower Europe.

2022:

- Hybridization: acquisition of Arco Energy (wind + solar) in Chile.
- Entry in new markets: Poland and Portugal.
- Construction of 160MW Sonnedix Meseta de los Andes PV plant (Chile).

2023:

- Started the construction of over 1GW projects across Europe.
- Signed €1.5Bn in project finance agreements.
- Signed PPAs for +545GWh.

- Over 9GW of total controlled capacity, considering operating, construction and development.
- Closing of €600m corporate debt facilities.

2.5 Prospects of the Group

Declaration on the absence of significant changes in the prospects of the Group

Since the publication of the Guarantors' latest audited consolidated annual accounts as of and for the year ended 31 December 2023 and until the date of the Information Memorandum, there has been no material adverse change in the outlook for the Guarantor.

2.6 Financial information of the Group

The Guarantors' audited consolidated annual accounts for the financial years ended 31 December 2022 and 31 December 2023 are attached hereto as **Schedule 1**.

Ernst & Young Accountants LLP, with corporate address at Euclideslaan 1, 3584 BL Utrecht, Netherlands, incorporated under the laws of England and Wales and registered with Companies House under number OC335594 has audited the consolidated annual accounts of Sonnedix Solar Holdings Limited corresponding to the financial years ended 31 December 2022 and 31 December 2023 in both cases, issuing unqualified opinions.

Ernst & Young LLP, with corporate address at 1 More London Place, London, SE1 2AF, United Kingdom, incorporated under the laws of England and Wales and registered with Companies House under number OC300001 has audited the statutory standalone annual accounts of Sonnedix UK Services Limited corresponding to the financial years ended 31 December 2022 and 31 December 2023 in both cases, issuing unqualified opinions.

Below there is a chart with the main figures of each of the Guarantors:

A) Sonnedix Solar Holdings Limited

Consolidated Income Statement **(in € thousands)**	**2023**	**2022**
Revenue from contracts with customers	850,572	711,495
Operating (loss) / profit	(15,143)	185,618
Net finance expense	(289,902)	(85,917)
(Loss) / profit for the year	(302,359)	44,126

Consolidated Statement of Financial Position (in € thousands)	2023	2022
Non-current assets	7,565,732	6,508,094
Current assets	668,362	652,179
Total equity	(152,253)	210,829
Non-current liabilities	7,629,760	5,216,920
Current liabilities	756,587	1,732,524

B) Sonnedix UK Services Limited

Income Statement (in £ thousands)	2023	2022
Revenue from contracts with customers	29,019,785	22,030,171
Operating loss	(8,159,506)	(5,831,125)
Net finance income	(87,621)	12,682,587
Total comprehensive (loss) / income for the year	(5,747,697)	8,286,276

Statement of Financial Position (in £ thousands)	2023	2022
Non-current assets	1,823,248,967	1,549,562,816
Current assets	154,844,770	110,519,650
Total equity	826,982,714	673,708,500
Non-current liabilities	(1,104,814,835)	(897,445,174)
Current liabilities	(46,296,188)	(88,928,792)

3. FULL NAME OF THE SECURITIES ISSUE

"Commercial Paper Programme Sonnedix 2024".

4. PERSON RESPONSIBLE

Mr. Gerson-José González Hernández, acting on behalf of the Issuer and expressly authorized thereto, hereby assumes responsibility for the content of the Information Memorandum.

Mr. Gerson-José González Hernández is expressly authorized to grant any public or private documents as may be necessary for the proper processing of the Notes issued by virtue of the decisions adopted by the sole director on July 22, 2024.

Mr. Gerson-José González Hernández hereby declares that the information contained in the Information Memorandum is, to the best of his knowledge and after executing the reasonable diligence to ensure that it is as stated, compliant with the facts and does not suffer from any omission that could affect the content.

5. FUNCTIONS OF THE REGISTERED ADVISOR

Banco de Sabadell, S.A. is a company registered in the Alicante Companies Register in volume 4070, sheet 1, page A-156980, and in the Registered Advisors Market Register pursuant to the market Operative Instruction 6/2018, of 15 October 2018 (*Instrucción Operativa 6/2018)* ("**Banco Sabadell**" or the "**Registered Advisor**").

Banco Sabadell is designated as the Registered Advisor of the Issuer and therefore has acquired the compromise to collaborate with the Issuer to enable it to comply with its obligations and responsibilities to be assumed by incorporating the issue on MARF, acting as specialised interlocutor between both MARF and the Issuer and as a means to facilitate its insertion and development in the new trading regime of their securities trading.

Banco Sabadell shall provide the MARF with the periodic reports required by it, and the MARF, in turn, may seek any information deemed necessary in connection with the Registered Advisor's role (and obligations as Registered Advisor). MARF may take any measures in order to check the information that has been provided.

The Issuer must have, at all times, a designated Registered Advisor listed in the "MARF's Registered Advisors Market Register" (*Registro de Asesores Registrados*).

As Registered Advisor, Banco Sabadell shall cooperate with the Issuer, among other, on (i) the admission (*incorporación*) of the Notes issued, (ii) compliance with any obligations and responsibilities that apply to the Issuer for its participation in MARF, (iii) the preparation and presentation of financial and business information required thereby and (iv) review of the information to ensure that it complies with applicable standards.

As Registered Advisor, Banco Sabadell, with respect to the admission (*incorporación*) of the Notes to be issued under the Programme to trading at MARF: (i) has confirmed that the Issuer complies with the requirements of the MARF regulations required for the admission (*incorporación*) of the Notes to trading; and (ii) has assisted the Issuer in the preparation of the Information Memorandum and reviewed all information furnished to the market in connection with the application for admission (*incorporación*) of the Notes on MARF and that the information contributed by the Issuer, to the best of its knowledge, complies with the requirements of the applicable laws and contains no omission likely to confuse potential investors.

Once the Notes are admitted, Banco Sabadell, will:

(i) review the information that the Issuer prepares for sending to MARF periodically or on an ad hoc basis and verify that the content meets the requirements and time limits provided in the rules;

(ii) advise the Issuer on the events that might affect the performance of the obligations it has assumed to admit the Notes to trading on MARF and on the best way to treat such events to avoid breaching those obligations;

(iii) inform the MARF of the facts that would constitute a breach by the Issuer of its obligations in the event of a potential material breach by the Issuer which had not been cured by its advice, and

(iv) manage, attend and answer queries and requests for information that the MARF may request in relation to the situation of the Issuer, the evolution of its activity, the level of performance of its obligations and such other market data deemed relevant.

To this effect, the Registered Advisor shall perform the following actions:

(i) maintain regular and necessary contact with the Issuer and analyse exceptional situations that may occur in the evolution of the market price, trading volume and other relevant circumstances in the trading of the Notes of the Issuer;

(ii) signing such statements, in general, as may be required under the regulations as a result of the admission (*incorporación*) on the MARF and in relation to the information required from companies listed on said market, and

(iii) forward to the MARF, as soon as possible, the information received in response to inquiries and requests for information that the latter may issue.

6. TOTAL AMOUNT OF THE SECURITIES ISSUED

The maximum nominal amount of the Programme will be EUR 75,000,000.

This amount is understood to be the maximum outstanding amount to which the aggregate nominal value of the Notes in circulation—issued under the Programme and admitted (*incorporados*) to the MARF by virtue of the Information Memorandum —shall be limited at any given point in time.

7. DESCRIPTION OF THE TYPE AND CLASS OF SECURITIES. NOMINAL VALUE

Each of the Notes (*pagarés)* is an implicit security that represents a debt for the Issuer, accrues interest and is reimbursable for its nominal value on maturity.

An ISIN Code (International Securities Identification Number) will be assigned to each issue of each of the Notes with the same maturity.

Each Note will have a nominal value of one hundred thousand euros (€100,000), meaning that the maximum number of securities in circulation at any given time cannot exceed seven hundred and fifty (750).

8. APPLICABLE LEGISLATION AND JURISDICTION GOVERNING THE SECURITIES

Each of the Notes *(pagarés)* will be issued in accordance with Spanish legislation applicable to the Issuer and to the Notes (*pagarés)*. More specifically, the Notes will be issued in accordance with the Spanish Companies Act, the Securities Markets and Investment Services Act, in their wording in force, and their respective implementing or concordant regulations.

The courts of the city of Madrid (Spain) will have exclusive jurisdiction to settle any dispute arising out of or in connection with the Notes.

9. REPRESENTATION OF THE SECURITIES THROUGH BOOK ENTRY FORM (*ANOTACIONES EN CUENTA*)

The Notes to be issued under the Programme will be represented by book entry form (*anotaciones en cuenta*), as set out in the mechanisms for trading on the MARF to which admission (*incorporación*) of the securities will be sought.

IBERCLEAR, with registered office in Madrid, Plaza de la Lealtad, 1, will be in charge of the accounting records together with its participating entities, pursuant to the provisions of article 8.3 of the Securities Markets and Investment Services Act and the Royal Decree 814/2023 of 8 November on financial instruments, admission to trading, registration of negotiable securities and market infrastructures *(Real Decreto 814/2023, de 8 de noviembre, sobre instrumentos financieros, admisión a negociación, registro de valores negociables e infraestructuras de mercado)*.

10. CURRENCY OF THE ISSUE

Each of the Notes to be issued under the Programme will be denominated in euros (€).

11. CLASSIFICATION OF THE SECURITIES: ORDER OF PRIORITY

The Noteholders under the Programme have the English law guarantee granted by the Guarantors to guarantee the full and timely fulfilment of each and every one of the obligations assumed by the Issuer and deriving from each of the Notes, for a maximum amount of eighty million euros (€80,000,000). See section 21 of this Information Memorandum for more details on this guarantee.

In addition to the above, the nominal amount and the interest of the Notes will be secured by the Issuer's assets. The Notes will not be secured by any in rem guarantees.

According to the classification and order of priority of debt claims laid down in the Insolvency Law, claims relating to the Notes (which are not subordinated pursuant Article 281 of the Insolvency Law) will be ordinary claims (*créditos ordinarios*). Those ordinary claims will rank below creditors with privilege (*créditos privilegiados*) and above subordinated credits (*créditos subordinados*) (unless they can be classed as such under Article 281 of the Insolvency Law) and would not have any preference among them.

12. DESCRIPTION OF THE RIGHTS INHERENT TO THE SECURITIES AND THE PROCEDURE FOR EXECUTING THESE RIGHTS. METHODS AND DEADLINES FOR PAYMENT OF THE SECURITIES AND HANDOVER OF THE SAME

In accordance with the applicable legislation, each of the Notes issued under the Programme will not represent, for the investor that acquires them, any present and/or future political rights over the Issuer.

The economic and financial rights of the investor associated to the acquisition and holding of each of the Notes will be those arising from the conditions of the interest rate, yields and redemption prices with which they are issued, specified in sections 13, 14 and 16 below.

The date of disbursement of the Notes will coincide with its date of issuance, and the effective value of the Notes will be paid to the Issuer by Banco de Sabadell, S.A. (as Paying Agent), into the account specified by the Issuer on the corresponding date of issuance.

In all cases the Placement Entities will issue a nominative and non-negotiable certificate of acquisition. The referred document will provisionally credit the subscription of the Notes until the appropriate book entry is practiced, which will grant its holder the right to request the relevant legitimacy certificate (*certificado de legitimación*).

In addition, the Issuer will notify the payment of the subscription of each of the Notes to MARF and to IBERCLEAR through the corresponding certificate.

13. DATE OF ISSUE. PROGRAMME VALIDITY

The Programme will be in force for one (1) year from the date of admission (*incorporación*) of the Information Memorandum by MARF.

As this is a continuous type of Programme, each of the Notes may be issued, subscribed and admitted (*incorporados*) on any day during the validity period of the same. However, the Issuer reserves the right not to issue new securities when it deems such action appropriate, pursuant to the cash needs of the Issuer or because it has found more advantageous conditions of funding.

The issue date and disbursement date of each of the Notes will be indicated in the complementary certificates (*certificaciones complementarias*) corresponding to each issue. The date of issue, disbursement and admission (*incorporación*) of each of the Notes may not be subsequent to the expiry date of the Information Memorandum.

14. NOMINAL INTEREST RATE. INDICATION OF THE YIELD AND CALCULATION METHOD

The annual nominal interest rate for each of the Notes will be set in each issue.

Each of the Notes will be issued under the Programme at the interest rate agreed by and between the Placement Entities (as this term is defined under section 15 below) and the Issuer. The yield will be implicit in the nominal value of each of the Notes, to be reimbursed on the maturity date.

The interest rate at which the Placement Entities transfer the Notes to third parties will be the rate freely agreed with the interested investors.

As these are discounted securities with an implicit rate of return, the cash amount to be paid out by the investor varies in accordance with the issue interest rate and period agreed.

Thus the cash amount of each of the Notes may be calculated by applying the following formulas:

- When securities are issued for a maximum term of 365 days:

$$E = \frac{N}{1 + i_n \frac{d}{365}}$$

- When securities are issued for more than 365 days:

$$E = \frac{N}{(1 + i)^{\frac{d}{365}}}$$

Whereby:

N= nominal amount of the Note

E = cash amount of the Note

n = number of days of the period to maturity

i_n = nominal interest rate, expressed as an integer value

A table is included to help the investor, specifying the cash value tables for different rates of interest and redemption periods, and there is also a column showing the variation of the effective value of the Notes by increasing the period of this by 10 days.

Effective value of a Note with a nominal value of €100,000

(Less than one year term)

	7 DAYS			14 DAYS			30 DAYS			60 DAYS		
Nominal rate (%)	**Subscription price (euros)**	**IRR/AER (%)**	**+10 days (euros)**	**Subscription price (euros)**	**IRR/AER (%)**	**+10 days (euros)**	**Subscription price (euros)**	**IRR/AER (%)**	**+10 days (euros)**	**Subscription price (euros)**	**IRR/AER (%)**	**+10 days (euros)**
0,25	99.995,21	0,25	-6,85	99.990,41	0,25	-6,85	99.979,46	0,25	-6,85	99.958,92	0,25	-6,84
0,50	99.990,41	0,50	-13,69	99.980,83	0,50	-13,69	99.958,92	0,50	-13,69	99.917,88	0,50	-13,67
0,75	99.985,62	0,75	-20,54	99.971,24	0,75	-20,53	99.938,39	0,75	-20,52	99.876,86	0,75	-20,49
1,00	99.980,83	1,00	-27,38	99.961,66	1,00	-27,37	99.917,88	1,00	-27,34	99.835,89	1,00	-27,30
1,25	99.976,03	1,26	-34,22	99.952,08	1,26	-34,20	99.897,37	1,26	-34,16	99.794,94	1,26	-34,09
1,50	99.971,24	1,51	-41,06	99.942,50	1,51	-41,03	99.876,86	1,51	-40,98	99.754,03	1,51	-40,88
1,75	99.966,45	1,77	-47,89	99.932,92	1,76	-47,86	99.856,37	1,76	-47,78	99.713,15	1,76	-47,65
2,00	99.961,66	2,02	-54,72	99.923,35	2,02	-54,68	99.835,89	2,02	-54,58	99.672,31	2,02	-54,41
2,25	99.956,87	2,28	-61,55	99.913,77	2,27	-61,50	99.815,41	2,27	-61,38	99.631,50	2,27	-61,15
2,50	99.952,08	2,53	-68,38	99.904,20	2,53	-68,32	99.794,94	2,53	-68,17	99.590,72	2,53	-67,89
2,75	99.947,29	2,79	-75,21	99.894,63	2,79	-75,13	99.774,48	2,78	-74,95	99.549,98	2,78	-74,61
3,00	99.942,50	3,04	-82,03	99.885,06	3,04	-81,94	99.754,03	3,04	-81,72	99.509,27	3,04	-81,32
3,25	99.937,71	3,30	-88,85	99.875,50	3,30	-88,74	99.733,59	3,30	-88,49	99.468,59	3,29	-88,02
3,50	99.932,92	3,56	-95,67	99.865,93	3,56	-95,54	99.713,15	3,56	-95,25	99.427,95	3,55	-94,71
3,75	99.928,13	3,82	-102,49	99.856,37	3,82	-102,34	99.692,73	3,82	-102,00	99.387,34	3,81	-101,38
4,00	99.923,35	4,08	-109,30	99.846,81	4,08	-109,13	99.672,31	4,07	-108,75	99.346,76	4,07	-108,04
4,25	99.918,56	4,34	-116,11	99.837,25	4,34	-115,92	99.651,90	4,33	-115,50	99.306,22	4,33	-114,70
4,50	99.913,77	4,60	-122,92	99.827,69	4,60	-122,71	99.631,50	4,59	-122,23	99.265,71	4,59	-121,34

Effective value of a Note with a nominal value of €100,000

	(Less than one year term)						(Equal to one year term)			(More than one year term)		
	90 DAYS			180 DAYS			365 DAYS			730 DAYS		
Nominal rate (%)	Subscription price (euros)	IRR/AER (%)	+10 days (euros)	Subscription price (euros)	IRR/AER (%)	+10 days (euros)	Subscription price (euros)	IRR/AER (%)	+10 days (euros)	Subscription price (euros)	IRR/AER (%)	+10 days (euros)
0,25	99.938,39	0,25	-6,84	99.876,86	0,25	-6,83	99.750,62	0,25	-6,81	99.501,19	0,25	-6,81
0,50	99.876,86	0,50	-13,66	99.754,03	0,50	-13,63	99.502,49	0,50	-13,56	99.006,10	0,50	-13,53
0,75	99.815,41	0,75	-20,47	99.631,50	0,75	-20,39	99.255,58	0,75	-20,24	98.514,69	0,75	-20,17
1,00	99.754,03	1,00	-27,26	99.509,27	1,00	-27,12	99.009,90	1,00	-26,85	98.026,93	1,00	-26,72
1,25	99.692,73	1,26	-34,02	99.387,34	1,25	-33,82	98.765,43	1,25	-33,39	97.542,79	1,25	-33,19
1,50	99.631,50	1,51	-40,78	99.265,71	1,51	-40,48	98.522,17	1,50	-39,87	97.062,22	1,50	-39,58
1,75	99.570,35	1,76	-47,51	99.144,37	1,76	-47,11	98.280,10	1,75	-46,29	96.585,19	1,75	-45,90
2,00	99.509,27	2,02	-54,23	99.023,33	2,01	-53,70	98.039,22	2,00	-52,64	96.111,66	2,00	-52,13
2,25	99.448,27	2,27	-60,93	98.902,59	2,26	-60,26	97.799,51	2,25	-58,93	95.641,61	2,25	-58,29
2,50	99.387,34	2,52	-67,61	98.782,14	2,52	-66,79	97.560,98	2,50	-65,15	95.175,00	2,50	-64,37
2,75	99.326,48	2,78	-74,28	98.661,98	2,77	-73,29	97.323,60	2,75	-71,31	94.711,79	2,75	-70,37
3,00	99.265,71	3,03	-80,92	98.542,12	3,02	-79,75	97.087,38	3,00	-77,41	94.251,96	3,00	-76,30
3,25	99.205,00	3,29	-87,55	98.422,54	3,28	-86,18	96.852,30	3,25	-83,45	93.795,46	3,25	-82,15
3,50	99.144,37	3,55	-94,17	98.303,26	3,53	-92,58	96.618,36	3,50	-89,43	93.342,27	3,50	-87,93
3,75	99.083,81	3,80	-100,76	98.184,26	3,79	-98,94	96.385,54	3,75	-95,35	92.892,36	3,75	-93,64
4,00	99.023,33	4,06	-107,34	98.065,56	4,04	-105,28	96.153,85	4,00	-101,21	92.445,69	4,00	-99,28
4,25	98.962,92	4,32	-113,90	97.947,14	4,30	-111,58	95.923,26	4,25	-107,02	92.002,23	4,25	-104,85
4,50	98.902,59	4,58	-120,45	97.829,00	4,55	-117,85	95.693,78	4,50	-112,77	91.561,95	4,50	-110,35

Given the diversity of the issue rates that are forecast to be applied throughout the term of the Programme, we cannot predetermine the resultant return for the investor (IRR). In any case, it will be determined, for Notes up to 365 days, with the formula detailed below:

$$IRR = \left[\frac{N}{E}^{\frac{365}{d}} - 1 \right]$$

in which:

IRR= Effective annual interest rate, expressed as an integer value

N= Nominal amount of the Notes

E = Cash amount at the time of subscription or acquisition

d = Number of calendar days between the date of issue (inclusive) and the date of maturity (exclusive)

IRR will be the annual interest of the Notes described in this section for periods of time longer than 365 days.

15. PLACEMENT ENTITY, PAYING AGENT AND DEPOSITARY ENTITIES

15.1 Placement Entity

The initial placement entity of the Programme (the "**Placement Entity**") is Banco de Sabadell, S.A.

The Issuer and the Placement Entity have executed placement agreements for the Programme for placement of the Notes, which include the possibility of selling to third parties.

The Issuer reserves the right at any time to vary or terminate the relation with the Placement Entity in accordance with the corresponding placement agreement and to appoint successor placement entities and additional or successor placement entities. Notice of any change in the placement entities shall promptly be communicated, if applicable, to MARF by means of the corresponding other relevant information notice (OIR).

15.2 Paying Agent

Acting under the paying agency agreement and in connection with the Notes, the paying agent acts solely as agent of the Issuer, and does not assume any obligations towards or relationship of agency or trust for or with any of the holders of the Notes (the "**Paying Agent**"). The initial paying agent is Banco de Sabadell, S.A.

The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent in accordance with the corresponding paying agency agreement and to appoint a successor agent and additional or successor agents provided, however, that the Issuer shall at all times maintain a single Paying Agent. Notice of any change in the Paying Agent shall promptly be communicated via the MARF website (www.bolsasymercados.es).

15.3 Depositary entities

Although IBERCLEAR will be the entity entrusted with the book-keeping (*registro contable*) of the Notes, the Issuer has not designated a depository entity for the Notes. Each subscriber may designate, from among the participants in IBERCLEAR, which entity to deposit the securities with. Holders of the Notes who do not have, directly or indirectly through their custodians, a participating account with IBERCLEAR may participate in the Notes through bridge accounts maintained by each of Euroclear Bank, SA/NV and Clearstream Banking, Société Anonyme, Luxembourg.

16. REDEMPTION PRICE AND PROVISIONS CONCERNING MATURITY OF THE SECURITIES. DATE AND METHODS OF REDEMPTION

Each of the Notes to be issued under Programme will be redeemed for their nominal value on the date given in the document proving acquisition. Where appropriate, the corresponding withholding at source will be applicable. As they are expected to be included for trading on the MARF, the redemption of each of the Notes will take place pursuant to the operating rules of the clearance system of said market. To this end, the Paying Agent, shall pay, on the maturity date, the nominal amount of the Notes to the legitimate holder of the same, but being the Paying Agent a delegated paying agent, Banco Sabadell, S.A. does not accept nor take a liability whatsoever *vis-à-vis* reimbursement by the Issuer of the Notes on the maturity thereof.

If reimbursement falls on a non-business day in accordance with the T2 calendar, reimbursement will be deferred to the first subsequent business day without such event having any effect whatsoever on the amount to be paid.

17. VALID DEADLINE WITHIN WHICH REIMBURSEMENT OF THE PRINCIPAL MAY BE CLAIMED

Pursuant to the provisions set out in article 1964 of the Spanish Civil Code, reimbursement of the nominal value of these securities will no longer be callable five (5) years after maturity thereof.

18. MINIMUM AND MAXIMUM ISSUE PERIOD

During the validity of this Information Memorandum, each of the Notes may be issued with a redemption period of between three (3) business days and seven hundred and thirty (730) calendar days (that is, twenty-four (24) months).

19. EARLY REDEMPTION

The Notes will not include an early redemption option either for the Issuer (*call*) or for the holder of the Notes (*put*). Notwithstanding the foregoing, the Notes may be redeemed early providing that, on whatsoever grounds, they are in the legitimate possession of the Issuer.

20. RESTRICTIONS ON THE FREE TRANSFERABILITY OF THE SECURITIES

In accordance with current legislation, there are no specific or general restrictions on the free transferability of the Notes to be issued.

21. GUARANTEE

The Noteholders are entitled to an English law guarantee (the "**Guarantee**") to be granted by Sonnedix Solar Holdings Limited ("**SSH**") and Sonnedix UK Services Limited ("**SUKSL**" and jointly with SSH, the "**Guarantors**") to guarantee, subject to the Maximum Guaranteed Amount (as this term is defined in the Guarantee attached hereto as **Schedule 2**), all sums expressed to be payable from time to time by the Issuer in respect of any Note issued from time to time under the Programme and registered under its name in the central registry maintained by Iberclear and the registries maintained by the Iberclear Members, as and when the same becomes due and payable and accordingly undertakes to pay to such Noteholder, forthwith in the manner and currency prescribed by the relevant Note for payments by the Issuer in respect thereof, any and every sum or sums which the Issuer is at any time liable to pay in respect of such Note and which the Issuer has failed to pay (the "**Guaranteed Obligations**") and up to the Maximum Guaranteed Amount (as such term is defined in the Guarantee).

In line with the foregoing, each of the Guarantors personally and jointly with the Issuer assume the obligation to pay to the Noteholders the amounts owed to them by the Issuer as a consequence of any default by the Issuer on the Notes and up to the Maximum Guaranteed Amount (as such term is defined in the Guarantee) in the terms and conditions set forth in the Guarantee.

The Guarantee has been constituted by the Guarantors by virtue of the deed executed before the notary of Madrid, Mr. José Miguel García Lombardía on 27 September 2024 with number 5559 of its protocol (the "**Deed of Guarantee**") which notarized copy will be held in the premises of Bondholders, S.L. (an entity which will act as administrative agent of the Guarantee) (the "**Administrative Agent**").

In the event that five (5) Business Days (as such term is defined in the Guarantee) have elapsed from the date upon which the relevant payment by the Issuer was due and payable under the Notes, the Administrative Agent will deliver a notice to SUKSL first to demand the relevant payment, and only if and to the extent that SUKSL fails to pay the demand within five (5) Business Days (as such term is defined in the Guarantee) of its receipt of such demand, may the Administrative Agent make a demand to SSH. At the reception of such notice from the Administrative Agent, SUKSL shall pay the Guaranteed Obligations indicated in such notice in the bank account of the Issuer opened in the Paying Agent within five (5) Business Days from the date (excluded) of delivery of such notice by the Administrative Agent.

In case any of the Guarantor fails to comply with any payment validly demanded pursuant to the Guarantee, each of the Noteholders will be individually entitled to exercise all rights available to them in order to ensure fulfilment of the Guarantee by the Guarantors, being the Administrative Agent released from carrying out any further actions other than those described in the Guarantee.

The Administrative Agent does not assume any liability before the Noteholders, the Paying Agent, Issuer nor the Guarantors as regards to the Guarantee (except caused by wilful breach or misconduct or gross negligence).

Any Noteholder who provides evidence to the satisfaction of the Administrative Agent that it is a holder of the Notes which are unpaid at the relevant maturity date shall be able to request to a copy of the original Guarantee from the Administrative Agent or to request a notarial certified copy from the Administrative Agent (provided that the relevant Noteholder advances to the Administrative Agent the relevant funds in order to settle the payment of the notarial fees or costs and in such case the copy will be delivered within ten Business Days (as such term is defined in the Guarantee) from the reception of the necessary funds in order to settle the notarial fees or costs).

22. TAXATION OF THE NOTES

In accordance with legislation in force, the Commercial Paper Notes are classified as financial assets with implicit yield. Income resulting from the Commercial Paper Notes is considered to be income from movable capital, and subject to Personal Income-tax (the "**PIT**"), Corporate Income Tax (the "**CIT**") and Non-residents Income-tax (the "**NRIT**") and to its withholding system, under the terms and conditions set out in the respective regulatory laws and other rules that implement said laws.

This information has been prepared in accordance with the following Spanish tax legislation in force at the date of this Information Memorandum:

- of general application, Additional Provision One of Law 10/2014 of 26 June, on organization, supervision, and solvency of credit institutions (the "**Law 10/2014**") and Royal Decree 1065/2007, of 27 July, approving the General Regulations of the tax inspection and management procedures and developing the common rules of the procedures to apply taxes, as amended ("**Royal Decree 1065/2007**").

- Law 35/2006, of 28 November, governing Personal Income-tax and partial amendment of the laws on Corporate Tax, Non-residents Income-tax and Wealth (*Ley 35/2006, de 28 de noviembre, del Impuesto sobre la Renta de las Personas Físicas y de modificación parcial de las leyes de los Impuestos sobre Sociedades, sobre la Renta de no Residentes y sobre el Patrimonio*) (the "**PIT Law**"), as well as those contained in articles 74 *et seq* of Royal Decree 439/2007, of 30 March, which approves the Regulation on Personal Income-tax and modifies the Regulations on Pension Funds and Plans approved through Royal Decree 304/2004, of 20 February (*Real Decreto 439/2007, de 30 de marzo, por el que se aprueba el Reglamento del Impuesto sobre la Renta de las Personas Físicas y se modifica el Reglamento de Planes y Fondos de Pensiones, aprobado por Real Decreto 304/2004, de 20 de febrero*) along with Law 19/1991, of 6 June on Wealth Tax (the "**Wealth Tax Law**"), as amended, Law 38/2022 of 27 December, introducing temporary taxation of energy and of credit institutions and financial credit establishments which also creates a temporary solidarity tax on large fortunes (the "**Tax on Large Fortunes Law**"), and Law 29/1987, of 18 December on Inheritance and Gift Tax, as amended (the "**Inheritance and Gift Tax Law**").

- Law 27/2014, of 27 November, of the Corporate Income Tax Law (*Ley 27/2014, de 27 de noviembre, del Impuesto sobre Sociedades*) (the "**CIT Law**") as well as articles 60 *et seq* of the Corporate Income Tax Regulations approved through Royal Decree 634/2015, of 10 July *(Reglamento del Impuesto sobre Sociedades aprobado por el Real Decreto 634/2015, de 10 de julio)*.

- Royal Legislative Decree 5/2004, of 5 March, which approves the recast text of the Non-residents Income Tax Law (*Real Decreto Legislativo 5/2004, de 5 de marzo, por el que se aprueba el texto refundido de la Ley del Impuesto sobre la Renta de no Residentes*) and those contained in Royal Decree 1776/2004 of July 30, 2004 which approves the regulations in respect of Non-residents Income Tax (*Real Decreto 1776/2004, de 30 de julio por el que se aprueba el Reglamento del Impuesto sobre la Renta de no residentes*).

All the above, without prejudice to any regional tax regimes which may be applicable, particularly those corresponding to the historic territories of the Basque Country and the Regional Community of Navarre, or any other regimes that could be applicable due to the particular circumstances of the investor.

As a general rule, in order to dispose of or obtain reimbursement of financial assets with implicit yield that are subject to withholding at the time of the transfer, redemption or reimbursement, prior acquisition of the same as well as the transaction price must be evidenced by a public notary or the financial institutions obliged to withhold. The financial institutions through which the payment of interest is made or which intervene in the transfer, redemption or reimbursement of the securities are obliged to calculate the yield attributable to the securities holder and notify this to both the holder of the security and the Tax Authorities. The Tax Authorities must also be provided with the data of those persons involved in the aforementioned transactions.

Likewise, ownership of the Commercial Paper Notes is subject, if applicable, to Wealth Tax and the Inheritance and Gift Tax on the date of accrual of said taxes, by virtue of the provisions set out in regulations in force in each case.

In any case, given that this summary is not a thorough description of all the tax considerations, we recommend investors to consult with their own legal or tax advisors, who may render tailored advice in view of their specific circumstances. Additionally, investors and potential investors should take into consideration the changes in legislation or interpretation criteria's that may take place in the future.

Investors that are individuals with tax residence in Spain

Personal Income Tax

Generally, income from movable capital obtained from the Commercial Paper Notes (*pagarés*) by individuals that are tax resident in Spain is subject to withholding tax at the current rate of 19%. The withholding carried out may be deducted against the PIT's payable amount, giving rise, where appropriate, to the tax returns provided for in the current legislation.

Furthermore, the difference between the asset's subscription or acquisition value and its transfer, redemption, exchange or reimbursement value will be considered as an implicit income from movable capital and will be included in the taxable savings base for the financial year when the sale, redemption or reimbursement takes place. Tax will be paid at the rate in force from time to time, which for the tax year 2024 is at 19% up to €6,000, 21% from €6,000.01 up to €50,000, 23% from €50,000.01 up to €200,000, 27% from €200,000.01 up to €300,000 and 28% from €300,000.01 upwards.

In order to transfer or reimburse the assets, the prior acquisition of the same must be evidenced by public notaries or financial institutions obliged to withhold, as well as the transaction price. The issuer shall not reimburse when the holder fails to substantiate such status through the corresponding certificate of acquisition.

In the case of income obtained through the transfer, the financial institution acting on behalf of the transferring party will be obliged to withhold.

In the case of income obtained from the reimbursement, the issuer or the financial institution responsible for the transaction will be required to withhold.

Moreover, to the extent that the securities are subject to the special tax regime contained in Additional Provision One of Law 10/2014, the reporting obligations set out in article 44 of Royal Decree 1065/2007, will be applicable to securities issued at a discount for a period of 12 months or less.

In the case that the Additional Disposition One of Law 10/2014 is non-applicable, or if it does apply, the repayment period for the securities is greater than twelve months, then general information obligations shall be applicable.

Wealth Tax and Temporary Solidarity Tax on Large Fortunes

Individuals with tax residency in Spain will be subject to Wealth Tax to the extent that their net worth exceeds €700,000. Therefore, they should take into account the value of the Commercial Paper Notes which they hold as at 31 December each year, the applicable rates ranging between 0.2% and 3.5%, without prejudice to the specific legislation approved, where appropriate, by each Autonomous Community.

The Temporary Solidarity Tax on Large Fortunes applies at the State level (Autonomous Communities do not have competences) as a complementary tax to Wealth Tax charged on net assets in excess of €3,000,000 at rates up to 3.5%. Any Wealth Tax paid will be deductible on the Temporary Solidarity Tax on Large Fortunes.

Inheritance and Gift Tax

Individuals resident in Spain for tax purposes who acquire ownership or other rights over any Commercial Paper Notes by inheritance, gift or legacy will be subject to the Inheritance and Gift Tax in accordance with the applicable Spanish regional or State rules (subject to any regional tax exemptions being available to them). The applicable effective tax rates can range between 0% and 81.6% subject to any specific regional rules, depending on relevant factors.

Investors that are entities with tax residence in Spain

Corporate Income Tax

Income obtained by CIT taxpayers arising from these financial assets is exempt from withholding tax providing that the Commercial Paper Notes (i) are represented by book-entry form (*anotaciones en cuenta*) and (ii) are traded in a Spanish official secondary market of securities, or MARF. If the exemption is not applicable, such withholding will be made at the rate currently in force of 19%. The withholding carried out may be credited against the CIT payable tax amount.

The procedure for applying the exemption described in the previous paragraph will be the one set out in the Order of 22 December 1999.

The financial institutions that take part in the transfer or reimbursement transactions will be obliged to calculate the yield attributable to the securities holder and to inform this to both the holder as well as the Tax Authorities.

Notwithstanding the foregoing, to the extent that the securities are subject to the special tax regime contained in Additional Provision One of Law 10/2014, the reporting obligations set out in article 44 of Royal Decree 1065/2007, will be applicable to securities issued at a discount for a period of 12 months or less.

Wealth Tax

Legal entities are not subject to Wealth Tax.

Inheritance and Gift Tax

Legal entities do not pay Inheritance and Gift Tax.

Investors that are not tax resident in Spain

Non-residents income-tax for investors not resident in Spain acting through a permanent establishment

Non-resident investors with a permanent establishment in Spain will be subject to a tax regime similar to the one described for investors that are legal entities resident in Spain.

Non-residents income-tax for investors not resident in Spain not acting through permanent establishment

To the extent that the requirements set forth in Additional Provision One of Law 10/2014 are met and that the non-resident investor without permanent establishment accredits its condition, income derived from the Commercial Paper Notes will be exempt from NRIT. In the case of Commercial Paper Notes issued at a discount for a period of 12 months or less, in order for that exemption to apply, the procedure set forth in article 44 of Royal Decree 1065/2007, will be applicable.

In any case, the interest and other income derived from the transfer to third parties of own capital, obtained other than through a permanent establishment, by residents of another Member State of the European Union or by permanent establishments of those residents located in another Member State of the European Union, will be exempt.

If no exemption applies, the income resulting from the difference between the value of redemption, transfer, and reimbursement or exchange of the securities issued under the Program and their subscription or acquisition value, obtained by investors without tax residence in Spain, will generally be subject at the tax rate of 19%, without prejudice to what is established in the tax treaties signed by Spain.

Wealth Tax and Temporary Solidarity Tax on Large Fortunes

Individuals resident in a country with which Spain has entered into a double tax treaty in relation to the Wealth Tax would generally not be subject to such tax. Otherwise, under current Wealth Tax Law and Tax on Large Fortunes Law, non-Spanish resident individuals whose Spanish properties and rights are located in Spain (or that can be exercised within the Spanish territory) could be subject to Wealth Tax and Temporary Solidarity Tax on Large Fortunes during year 2024.

According to the Additional Provision Four of the Wealth Tax Law, individuals that are not resident in Spain for tax purposes may apply the rules approved by the autonomous region where the assets and rights with more value (i) are located, (ii) can be exercised or (iii) must be fulfilled.

In any event, as the income derived from the Commercial Paper Notes is exempted from NRIT, any non-resident individuals holding the Commercial Paper Notes as of December 31, 2024 will be exempted from Wealth Tax in respect of such holding. Legal entities tax resident outside Spain are not subject to Spanish Wealth Tax and Temporary Solidarity Tax on Large Fortunes.

Inheritance and Gift Tax

Individuals not tax resident in Spain who acquire ownership or other rights over the Commercial Paper Notes by inheritance, gift or legacy, and who reside in a country with which Spain has entered into a double tax treaty in relation to inheritance and gift tax will be subject to the relevant double tax treaty.

If the provisions of the foregoing paragraph do not apply, such individuals will be subject to inheritance and gift tax in accordance with Spanish legislation. The tax rate will range between 0 and 81.6%.

According to the Additional Provision Two of the Inheritance and Gift Tax Law, non-Spanish tax resident individuals may be subject to Spanish Inheritance and Gift Tax in accordance with the rules set forth in the relevant autonomous regions in accordance with the law. As such, prospective investors should consult their tax advisers.

In the event that the beneficiary is an entity other than a natural person, the income obtained shall be subject to Non-Resident Income Tax and without prejudice, in the latter event, to the provisions of any tax treaty that may apply.

Indirect taxation in the acquisition and transfer of the securities issued

Whatever the nature and residence of the investors, the acquisition and transfer of the Commercial Paper Notes will be exempt from indirect taxes in Spain, i.e., exempt from Transfer Tax and Stamp Duty, in accordance with the Consolidated Text of such tax promulgated by Royal Legislative Decree 1/1993, of 24 September and exempt from Value Added Tax, in accordance with Law 37/1992, of 28 December, regulating such tax.

23. PUBLICATION OF THE INFORMATION MEMORANDUM

The Information Memorandum will be published on the MARF website (www.bolsasymercados.es).

24. DESCRIPTION OF THE PLACEMENT SYSTEM AND WHERE APPROPRIATE, SUBSCRIPTION AND ADMISSION (*INCORPORACIÓN*) OF THE ISSUE

The Placement Entities may act as intermediary in the placement of the Notes, notwithstanding the Placement Entities may subscribe Notes on their own behalf.

For these purposes, the Issuer may receive any business day, between 10:00 and 14:00 (CET), customized requests by the Placement Entities for a minimum amount of one million euros (1,000,000 €) whereby the nominal value of each Note is one hundred thousand euros (100,000 €).

The determination of the price, amount, interest rate, date of issuance and payment, due date and other terms for each issuance thus placed shall be determined by agreement between the Issuer and the Placement Entities. The terms of these agreements will be confirmed by sending a document setting out the terms of the issue to be remitted by the Issuer to the Placement Entities.

In the event that an issuance of the Notes is initially subscribed by the Placement Entities to be subsequently passed on to the final investors, it is stated that the price shall be freely agreed between the interested parties and might not coincide with the issue price (i.e. with the cash amount).

25. COSTS FOR LEGAL, FINANCIAL AND AUDITING SERVICES AND OTHER SERVICES PROVIDED TO THE ISSUER IN RELATION TO THE EXECUTION OF THE PROGRAMME

The costs for all legal, financial and audit services and other services provided to the Issuer in relation to the execution of the Programme amount to approximately € 137,500 not including taxes but including the fees of MARF and IBERCLEAR.

26. ADMISSION (*INCORPORACIÓN*)

26.1 Application for admission (*incorporación*) of the securities to the MARF. Deadline for admission (*incorporación*)

An application will be filed for the admission (*incorporación*) of each of the Notes described in the Information Memorandum to the multilateral trading facility ("**MTF**") known as the Alternative Fixed-Income Market (MARF). The Issuer hereby undertakes to carry out all the formalities required so that the Notes are listed on the aforementioned market within a deadline of seven business days from the date the Notes are issued under the Programme, which is the same as the payment date.

The date of admission (*incorporación*) of the Notes to the MARF must in any event be a date falling within the period for which the Information Memorandum is valid, and which precedes the respective Notes maturity date. Under no circumstances will the deadline exceed the maturity of the Notes. In the event of breach of the aforementioned deadline, the reasons for the delay will be notified to MARF and will be published in the webpage of the MARF other relevant information notice (OIR). This is without prejudice to any possible contractual liability that may be incurred by the Issuer.

MARF has the legal structure of a MTF, under the terms set out in Article 68 and concordant of the LMVSI.

Neither MARF nor the CNMV nor the Placement Entities have approved or carried out any kind of check or verification with regard to the content of the Information Memorandum nor the audited annual accounts. The intervention of the MARF does not represent a statement or recognition of the full, comprehensible and consistent nature of the information set out in the documentation provided by the Issuer.

Potential investors should consider carefully and fully understand the Information Memorandum, prior to making investment decisions with respect to the Notes.

The Issuer hereby expressly states that it is aware of the requirements and conditions demanded for the admission (*incorporación*), permanence and exclusion of the Notes at the MARF, according to current legislation and the requirements of MARF, and hereby agrees to comply with them.

The Issuer hereby expressly places on record that it is aware of the requirements for registration and settlement on IBERCLEAR. The settlements of transactions will be performed through IBERCLEAR.

26.2 Publication of the admission (*incorporación*) of the issues of the Notes

The admission (*incorporación*) of the issues of the Notes will be reported on the MARF website (www.bolsasymercados.es).

27. LIQUIDITY AGREEMENT

The Issuer has not entered into any liquidity undertaking with any entity regarding the Notes to be issued under the Programme.

As the person responsible for the Information Memorandum, on 27 September 2024:

SONNEDIX ESPAÑA COMMERCIAL PAPER, S.A.U.

____

Mr. Gerson-José González Hernández

ISSUER

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GUARANTORS

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PAYING AGENT, REGISTERED ADVISOR AND PLACEMENT ENTITY

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ISSUER'S LEGAL ADVISOR

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Community of Madrid, Spain

GUARANTORS' ENGLISH LAW ADVISOR

Ashurst LLP
Alcalá, 44
28014 Madrid
Community of Madrid, Spain

SCHEDULE 1

AUDITED CONSOLIDATED ANNUAL ACCOUNTS OF THE GUARANTORS FOR THE FISCAL YEARS ENDED ON 31 DECEMBER 2022 AND ON 31 DECEMBER 2023

SONNEDIX UK SERVICES LIMITED

Company Registration Number: 07904461

Annual Report and Financial Statements for the year ended 31 December 2022

SONNEDIX UK SERVICES LIMITED

Contents

SONNEDIX UK SERVICES LIMITED

Company information

Directors	Karen Boesen William Catlin-Hallett Samantha Packwood
Company secretary	William Catlin-Hallett
Registered office	90 Union Street London SE1 0NW
Company registration number	07904461

Strategic report for the year ended 31 December 2022

The Directors present their strategic report on Sonnedix UK Services Limited (the "Company") for the year ended 31 December 2022.

Principal activities and review of business
The principal activity of the Sonnedix Power Holdings Limited group is the acquisition, development, construction and operation of renewable energy projects to be used for the generation and sale of electrical energy. The Company is an intermediate holding company for Sonnedix Power Holdings Limited's investments in Europe and Chile. The Company provides corporate, technical, financial and administrative services to Sonnedix Power Holdings Limited and its subsidiary companies (together the "Group").

Principal risks and uncertainties
The Company acts as an intermediate holding company and provides services to the Group, therefore the principal risk of the Company lies in the recoverability of its investments in subsidiaries and amounts due from fellow group companies. The Company assesses the investment case for each of its projects individually by using financial models to assess investment returns over the life of a project. Investments in subsidiaries are subject to an annual impairment review.

Climate Change
The Company does not have any cars under direct control (owned or leased) that are used for commuting or business travel in the UK, our transport emissions (scope 1) are therefore zero. Energy consumed in powering the Company's office space was 69,092 kWh in 2022 (2021: 87,926 kWh). Emissions as the result of this purchased electricity were 13.361 (2021: 16.873) tCO_2e (scope 2).

Energy efficiency is important to the Company and the wider group. Through our Sustainability Strategy, Sonnedix encourages the implementation of energy reduction measures, where feasible, on our construction and operational projects, and in our office in the UK, and offices across the globe. We encourage the installation of energy efficient and motion sensing lighting, energy efficient heating and cooling devices and efficient use of any fuels, among other measures.

As climate change awareness increases and governments around the world implement policies to decarbonise energy generation opportunities to invest in solar power resources may increase.

The future impacts of climate change on the operations of the Company are expected to be limited. Climate change is not expected to affect that carrying values of investments or have any other impact on the financial statements.

Key performance indicators
The Company is an intermediate holding company for the Group's investments and a service company providing corporate, technical, financial and administrative services to the Group with the intention of ensuring that all costs are fully recovered and that costs are appropriately managed, whilst maintaining and enhancing the quality of the services provided.

Companies Act section 172 statement
Section 172 of the Companies Act 2006 requires a director of a company to act in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. The Directors set out below their statement of compliance with section 172 of the Companies Act 2006 which should be read in conjunction with the Group's Sustainability Report 2022, available on the Group's website www.sonnedix.com.

The Directors preside over the Company for the benefit of all stakeholders. When making decisions, the Directors consider both the potential long-term and short-term implication of those decisions. The principal purpose of the Group is to harness the power of the sun to build a bright future.

Our areas of focus are as follows:

Communities
As members of the communities in which we operate, we work to contribute to their social and economic development, ensuring we create value and improve the lives of our neighbours. We are committed to identifying, evaluating, mitigating and, where possible, avoiding any negative impact of our projects in the communities within which we operate. More importantly, we work closely with their key organisations and members to ensure our social and developmental activities enrich the community for the long term.

Environment
We fully commit to protect, enhance, and care for the environments where we build and operate solar plants, and beyond. We work to avoid any negative impact of our projects on the local and global environment. More importantly, we work to ensure our activity contributes to enhance the environment for the long term.

Education
Educating the problem-solvers of tomorrow is key to fighting against climate change. We provide educational support and resources focused on the challenges and opportunities of renewable energy, inspiring future generations.

The Sonnedix Sustainability Academy aims to provide lesson plans, worksheets, presentations and other materials to study solar energy, renewables and climate change. We aim to reach 100,000 learners worldwide from 2020 to 2023, helping children and young adults learn about issues such as climate change, sustainability and renewable/solar energy, and improving their access to education opportunities, including through partnering with schools. Our sustainability Academy is open to anyone that wants to learn how we can all build a bright future together.

Culture
A shared purpose: To harness the power of the sun to build a bright future, is what connects every member of our team with one another, and also connects Sonnedix to our shareholders and the environment and communities where we operate. Our values and behaviours are at the core of our culture. They drive us forward as we strive to do better each day, leading the path to achieve our purpose.

- **One Team:** Working together as a diverse organisation across the world to achieve our purpose.
- **Do the right thing:** Act ethically, transparently and honestly to have a positive impact on everything we do.
- **Positive energy:** Proactively driving forward in a constructive and productive way.
- **Sustainable growth:** Promoting an environment that enables us to scale and grow in a healthy way.
- **Owner's mentality:** Empowering people to think and work in the best interest of the whole organisation.

Partnerships
We collaborate with partners as driven as we are to harness the power of the sun by developing solar energy solutions that are more economical, beneficial and sustainable over time. Sonnedix builds, operates and manages solar power plants in diverse environments around the world, powering households, businesses and communities with a constant, reliable and clean source of electricity. We focus our expertise and efficiency, to create value for our partners and the customers we supply.

Careers

At Sonnedix, everyone has the opportunity to grow with the Company. Every team member has a personal development plan designed to build their career, competencies and expertise. Our e-learning resources, facilitated sessions, mentoring program, courses, events and secondments ensure everyone grows for success and has access to leadership opportunities, while managers participate in tailored programs to develop themselves and build their teams.

This report was approved by the board on 23 June 2023.

Samantha Packwood
Director

Directors' report for the year ended 31 December 2022

The Directors present their report together with the financial statements of the Company for the year ended 31 December 2022.

Results for the period and dividends

In 2022 the Company made an operating loss of £5,831,125 (2021: £4,985,504) and a profit after tax of £8,286,276 (2021: £81,573,846). Profit for the year is primarily derived from dividends received from subsidiaries.

During the year the Company paid a dividend of £nil (2021: £79,695,909).

Directors

The Directors who served during the year and to the date of this report, other than those as indicated, were as follows:

Matei Alexandru (resigned on 13 January 2022)
Karen Boesen (appointed on 28 February 2023)
William Catlin-Hallett
Marissa Corda (resigned on 28 February 2023)
Samantha Packwood

Third party indemnity for Directors

Qualifying third party indemnity provisions were in place during the year for the benefit of the Directors.

Financial risk management

The Company's activities expose it to a variety of financial risks. Details of the Company's exposure to credit risk, liquidity risk and foreign exchange risk are given in Note 25.

Going concern

The Company's activities as an intermediate holding company and service company for the Group mean that its ability to operate as a going concern is dependent on the Group's ability to operate as a going concern. The Company has prepared cash flow forecasts for the period to 30 June 2024. Management has prepared stressed scenarios with delays in service fee collections, which will still provide a positive cash position through the going concern period. Management has also prepared a reverse stress test which is considered to be implausible. In addition, management could take mitigating actions within their control which would result in a positive cash position throughout the going concern period. Therefore, the Directors have concluded it appropriate to adopt the going concern basis in preparing the financial statements.

Future developments

The Directors do not expect the activities of the business to change in the foreseeable future.

Events after the end of the reporting date

On 19 January 2023, the Company's Eurobonds were delisted from TISE (see Note 20).

Statement of disclosure of information to auditor

In the case of each person who was a Director at the time this report was approved:

- So far as that Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- That Director has taken all the steps that ought to have been taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor was aware of that information.

This information is given and should be interpreted in accordance with the provision of s.418 of the Companies Act 2006.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ("FRS 101"). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether FRS 101 has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report was approved by the Board of Directors on 23 June 2023 and signed on behalf of the Board by:

Samantha Packwood
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SONNEDIX UK SERVICES LIMITED

Opinion

We have audited the financial statements of Sonnedix UK Services Limited (the 'Company') for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, and the related notes 1 to 28, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- We confirmed our understanding of management's going concern assessment process and the key factors and assumptions that were considered;
- We obtained management's going concern assessment, including the base case and two downside scenarios and the reverse stress test scenarios for the going concern period, which covers the period to 30 June 2024;
- We have compared the forecasted cash flows with the Board approved budget to ensure consistency;
- We have reviewed the integrity of management's cash flow model by checking consistency of the assumptions and formulae;
- We tested the factors and assumptions included in each modelled scenario for the cash forecast including the impact of recoverability of service fees from subsidiaries, inflation and Ukraine-Russia war. We considered the appropriateness of the methods used to calculate the cash forecasts and determined through inspection and testing of the methodology and calculations that the methods utilised were appropriately sophisticated to be able to make an assessment for the entity. Where relevant we considered external data or contrary information;
- We evaluated the severity of the scenarios that would result in the elimination of cash headroom within management's reverse stress testing on the forecasts and assessed management's ability to implement measures to minimise the impact of these events; and
- We read the Company's going concern disclosures included in the annual report in order to assess whether the disclosures were appropriate and in conformity with the reporting standards.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period up to 30 June 2024.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Overview of our audit approach

Key audit matters	• Carrying value of investments
Materiality	• Overall materiality of £41.6m which represents 2.5% of total assets.

An overview of the scope of our audit

Tailoring the scope
Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the company and effectiveness of controls, the potential impact of climate change and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team.

Climate change
There has been increasing interest from stakeholders as to how climate change will impact companies. The Company has determined that there are no future impacts from climate change on its operations. This is explained on page 3 in the principal risk and uncertainties within the climate change section which form part of the "Other information," rather than the audited financial statements. Our procedures on these disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated.

Our audit effort in considering climate change was focused on evaluating management's assessment that there is no impact of climate change risk, the adequacy of the Company disclosures in the financial statements and the conclusion that no issues were identified that would impact the carrying values of investments or have any other impact on the financial statements as disclosed on page 3 We also challenged the Directors' considerations of climate change in their assessment of going concern and associated disclosures.

Key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
The carrying value of the Company's investments of £676.8 million (2021 - £513.9 million) is significant in the context of the overall balance sheet of the Company. As described in Note 5 to the financial statements, the Company assesses at each balance sheet date whether there is any indication that the carrying value of an investment may be impaired. If any indication exists, the Company estimates the recoverable amount of the investment. Management concluded that there are no indicators of impairment and as a result did not estimate the recoverable amount of the investments. The significance of the investments balance meant this was a key audit matter. The risk has remained the same in the current year due to the lack of changes in the nature of the Company as an intermediate holding company within the Sonnedix Group.	We obtained an understanding of management's impairment assessment methodology including the controls that management executes. We compared the internal and external sources of information that management had assessed to a) those identified in IAS 36, 'Impairment of Assets' and b) to other information and explanations that we had obtained during our audit, to assess the completeness of indicators of impairments. We read the December 2022 year-to-date monthly performance report which compared the actual results to budgets and confirmed management's assessment that there was no decline in the performance of the subsidiary's underlying assets. We obtained the model management uses for decision making and portfolio and asset management. The model calculates an indicative net present value of future cash flows. This provides management with an initial view as to whether there is any decline in the value of the subsidiary's underlying assets, which would be an indicator of impairment. We engaged an internal valuation specialist to test the model including replicating management's model using independent assumptions for foreign exchange and discount rates and compared those with the output of management's model.	We are satisfied with management's conclusion that there are no indicators of impairment. The carrying value of the investments is supportable as at 31 December 2022 and no impairment charge is required to be recognised in the year.

The key audit matter is consistent with the previous year.

Our application of materiality
We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality
The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the company to be £41.6 million (2021: £34.0 million), which is 2.5% (2021: 2.5%) of total assets. We believe that total assets is the most relevant measure of determining materiality as the Company is an intermediate holding company within the Sonnedix Group.

Performance materiality
The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the company's overall control environment, our judgement was that performance materiality was 50% (2021: 75%) of our planning materiality, namely £20.8m (2021: £25.5m). We have set performance materiality at this percentage based on our assessment of the nature, number, and impact of the adjusted audit differences in the previous year. The significant change from the prior year is a result of the results of our testing in the previous year.

Reporting threshold
An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £2.1m (2021: £1.7m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information
The other information comprises the information included in the annual report set out on pages 3 to 7, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors
As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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 directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities 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 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 ISAs (UK) 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework, data protection laws, and the relevant UK tax compliance regulations.

- We understood how the Company is complying with those frameworks and Sonnedix Group policies by making inquiries of those charged with governance, management, and those responsible for legal and compliance procedures. We corroborated our inquiries through the review of the following:
  - the minutes of Board meetings of the Company held during the year;
  - Sonnedix Group's code of conduct setting out the key principles and requirements for all staff in relation to compliance with laws and regulations;
  - any relevant correspondence from tax authorities; and
  - any relevant correspondence received from regulatory bodies.

- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management and those charged with governance to understand where it considered there was susceptibility to fraud and reviewing documentation of the group's policies and procedures. We also performed risk assessment analytical procedures and identified sources and types of journal entries in the company's financial processes. As a result, we identified fraud risks relating to inappropriate revenues recharged to companies within the Sonnedix Group through management override of controls.

- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved inquiries with Company management and personnel, inquiries of those charged with governance and testing of journal entries, with a focus on journals indicating large or unusual transactions or meeting our defined risk criteria.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report
This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Khilan Shah (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
23 June 2023

SONNEDIX UK SERVICES LIMITED

Statement of Comprehensive Income for the year ended 31 December 2022

	Note	2022 £	2021 £
Revenue from contracts with customers	6	29,019,785	22,030,171
Cost of sales		(16,820,951)	(11,617,218)
Gross profit		12,198,834	10,412,953
Administrative expenses		(18,029,959)	(15,398,457)
Operating loss		(5,831,125)	(4,985,504)
Dividend income		15,970,098	79,695,909
Finance income	11	43,866,962	31,173,307
Finance expense	12	(44,610,431)	(27,716,326)
Foreign exchange (losses) / gains		(2,544,042)	3,869,771
Net finance income		12,682,587	87,022,661
Profit before tax	7	6,851,462	82,037,157
Tax income / (charge)	13	1,434,814	(463,311)
Profit after tax		8,286,276	81,573,846
Other comprehensive income		—	—
Total comprehensive income for the year		8,286,276	81,573,846

All items relate to continuing operations.

SONNEDIX UK SERVICES LIMITED

Statement of Financial Position as at 31 December 2022

	Note	31 December 2022 £	31 December 2021 £
Non-current assets			
Investments	14	**676,770,334**	513,863,586
Loans receivable	15	**864,657,970**	535,283,358
Intangible assets	16	**73,291**	119,579
Property, plant and equipment	17	**6,510,269**	2,383,778
Deferred tax asset		**1,383,306**	—
Other non-current assets		**167,646**	167,646
		1,549,562,816	1,051,817,947
Current assets			
Trade and other receivables	18	**109,519,292**	105,675,948
Cash and cash equivalents		**1,000,358**	506,578
		110,519,650	106,182,526
TOTAL ASSETS		**1,660,082,466**	1,158,000,473
Current liabilities			
Trade and other payables	19	**(30,645,075)**	(12,028,621)
Loans payable	20	**(57,896,067)**	—
Lease liabilities	21	**(387,650)**	(113,891)
		(88,928,792)	(12,142,512)
Non-current liabilities			
Loans payable	20	**(886,056,414)**	(688,201,552)
Lease liabilities	21	**(6,470,882)**	(2,143,815)
Provision		**(4,858,011)**	—
Deferred tax liability		**(59,867)**	(65,825)
		(897,445,174)	(690,411,192)
TOTAL LIABILITIES		**(986,373,966)**	(702,553,704)
NET ASSETS		**673,708,500**	455,446,769
Equity			
Called up share capital	22	**116**	114
Share premium	23	**660,729,447**	450,753,994
Profit and loss account	23	**12,978,937**	4,692,661
TOTAL EQUITY		**673,708,500**	455,446,769

The accompanying notes on pages 17 to 37 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 23 June 2023 and signed on behalf of the Board by:

Samantha Packwood
Director

Statement of Changes in Equity for the year ended 31 December 2022

	Share capital £	Share premium £	Profit and loss £	**Total equity £**
Balance at 1 January 2021	114	450,753,994	2,814,724	453,568,832
Comprehensive income:				
- Profit for the year	—	—	81,573,846	81,573,846
Total comprehensive income	—	—	**81,573,846**	**81,573,846**
Transactions with owners				
- Dividends	—	—	(79,695,909)	(79,695,909)
Balance at 31 December 2021	**114**	**450,753,994**	**4,692,661**	**455,446,769**
Comprehensive income:				
- Profit for the year	—	—	8,286,276	8,286,276
Total comprehensive income	—	—	**8,286,276**	**8,286,276**
Transactions with owners				
- Conversion of loan to equity (Note 22)	2	209,975,453	—	209,975,455
Balance at 31 December 2022	**116**	**660,729,447**	**12,978,937**	**673,708,500**

Notes to the financial statements

1 General information

Sonnedix UK Services Limited (the "Company") is a private company, limited by shares, incorporated in England & Wales. The address of the Company's registered office is 90 Union Street, London, SE1 0NW.

The Company provides corporate, technical, financial and administrative services to its parent company and fellow subsidiaries (together the "Group"). The Company is also an intermediate holding company for the Group's investments in Europe and Chile

2 Significant accounting policies

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

a) Basis of preparation

These financial statements have been prepared in accordance with UK GAAP, including Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The financial statements have been prepared on a historical cost and on a going concern basis. The use of this basis of accounting takes into consideration the Company's current and forecast cash position (see Note 4).

The financial statements have been prepared in Pounds Sterling (£).

b) Exemption from preparing consolidated accounts

These financial statements contain information about the Company as an individual company and do not contain consolidated financial information as the parent of a group.

The Company is exempt, under section 401 of the Companies Act 2006, from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent company Sonnedix Power Holdings Limited, a company incorporated in Bermuda. The address of Sonnedix Power Holdings Limited's registered office is Victoria Place, 1st Floor, 31 Victoria Street, Hamilton, HM 10, Bermuda.

c) Summary of disclosure exemptions

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- the requirements of paragraphs 10(d), 16, 111 and 134 to 136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures; and
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

In relation to the following exemptions equivalent disclosures have been given in the consolidated financial statements of Sonnedix Power Holdings Limited:

- The requirements of IFRS 7 Financial Instruments: Disclosures; and
- The requirements of paragraph 58 of IFRS 16.

d) Revenue
Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided, net of VAT.

e) Foreign currency
The functional and presentational currency of the Company is Pounds Sterling (£) and accordingly foreign currency transactions are translated at the spot rate of exchange on the day the transaction occurs.

Financial assets and liabilities denominated in currencies other than Pounds are translated into Pounds at exchange rates prevailing at the end of the reporting period. Non-monetary assets and liabilities are stated at cost based on the exchange rate prevailing at the transaction date. All exchange differences are included in profit and loss.

f) Taxation
Current tax
Income tax expense for the year is calculated by applying the corresponding tax rate to taxable profit for the year less any applicable rebates and tax credits, taking into account changes during the year in recognised deferred tax assets and liabilities. The corresponding tax expense is recognised in profit and loss, except when it relates to transactions recognised directly in equity, in which case the corresponding tax expense is likewise recognised in equity.

Deferred tax
Deferred tax is recognised using the liability method on all temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts. The tax base of an asset or liability is the amount attributed to it for tax purposes. Deferred tax liabilities are recognised for all temporary differences.

The Company recognises deferred tax assets for all deductible temporary differences, unused tax credits and unused tax losses carried forward, to the extent that it is probable that future taxable profit will be available against which these assets may be utilised.

Deferred tax assets and liabilities are measured at the tax rate expected to apply to the period in which they reverse, as required by enacted tax laws and in the manner in which it reasonably expects to recover the asset's carrying value or settle the liability.

Deferred tax assets and liabilities are not discounted and are classified as non-current assets or non-current liabilities, respectively.

g) Intangible assets
Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of software is charged on a straight-line basis over the estimated useful life of 5 years

h) Property, plant and equipment
Items of property, plant and equipment are initially measured at cost. Following initial measurement, they are stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is charged on a straight-line basis over the estimated useful life of the asset, as follows:

- Leased offices: over the term of the lease
- Fixtures & fittings: over the term of the lease (up to 5 years)
- Office equipment: 3 years

i) Financial instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets are initially measured at fair value plus transaction costs. Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are subsequently measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Foreign exchange gains and losses and impairment losses are presented as a separate line item in profit or loss.

Financial assets are derecognised when the rights to receive cashflows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Trade receivables
Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

Loans, deposits and other receivables
Loans, deposits and other receivables that have fixed or determinable payments that are not quoted in an active market are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Cash and cash equivalents
Cash includes cash on hand and cash with banks. Cash equivalents are short-term, highly-liquid investments that are readily convertible to known amounts of cash with three months or less remaining to maturity from the date of acquisition and that are subject to an insignificant risk of change in value.

Impairment of financial assets
The Company assesses on a forward-looking basis, the expected credit losses ("ECL") associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The measurement of ECL reflects an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and all reasonable and supportable information that is readily available at the end of each reporting period about past events, current conditions and forecasts of future conditions.

For trade receivables the Company applies a simplified approach outlined in IFRS 9 and measures the allowance for impairment losses at expected lifetime credit losses from initial recognition of the receivables. Based on historic data regarding the recoverability of the Company's trade receivables, there is no expected impairment of receivables.

Trade and other payables
Trade payables are initially measured at fair value and are subsequently measured at amortised cost using the effective interest method; this method allocates the interest expense over the relevant period by applying the effective interest rate to the carrying amount of the liability.

j) Leases
The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Where the Company is a lessee it applies a single recognition and measurement approach for all leases. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets
The Company recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date, less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

Lease liabilities
At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term or a change in the lease payments.

k) Share-based payments
Certain members of senior management receive remuneration in the form of share-based payments. They are issued LTIP Units that are cash settled. At each reporting date, the fair value of units is estimated taking into account the vesting conditions and other relevant terms and conditions. The expense in relation to the estimated fair value of the units is proportionately allocated to the service period. The proportional share of the service period expense and any changes in the value of the units is recognised in profit or loss for the period.

l) Investments in subsidiaries
Investments in subsidiaries are held at cost less accumulated impairment losses.

3 Adoption of new and revised standards

There were no new standards and amendments that became effective as of 1 January 2022 which where applicable to the Company for the first time in 2022.

IFRSs not yet effective
The following IFRSs have been issued but have not been applied by the Company in these financial statements as they are effective for years beginning on or after 1 January 2023 or have not yet been endorsed by the United Kingdom.

Standard	Applicable for accounting periods beginning on or after:
Classification of Liabilities as Current or Non-current and non-current liabilities with covenants – Amendments to IAS 1	January 1, 2024
Disclosure of Accounting policies – Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2	January 1, 2023
Definition of Accounting Estimates – Amendments to IAS 8	January 1, 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	January 1, 2023

The adoption of these standards is not expected to have a significant impact on the Company's financial statements.

The Company will adopt the above standards or amendments in the year in which they become effective and/or endorsed by the United Kingdom, whichever is later.

4 Going concern

The Company's activities as an intermediate holding company and service company for the Group mean that its ability to operate as a going concern is dependent on the Group's ability to operate as a going concern. The Company has prepared cash flow forecasts for the period to 30 June 2024. Management has prepared stressed scenarios with delays in service fee collections, which will still provide a positive cash position through the going concern period. Management has also prepared a reverse stress test, which is considered to be implausible. In addition, management could take mitigating actions within their control which would result in a positive cash position throughout the going concern period. Therefore, the Directors have concluded it appropriate to adopt the going concern basis in preparing the financial statements.

Inflation
Current rises in the UK rate of inflation will lead to an increase in the operating costs of the Company. Given the Company's role as a service company for the Sonnedix group these costs will be recharged to other group companies. Overall, the Sonnedix group is highly cash generative, as such inflationary pressures are not expected to affect the Company's ability to operate as a going concern.

Conflict in Ukraine
In February 2022 Russian armed forces invaded Ukraine. In response many countries have imposed sanctions against Russia which have affected the economies of Russia and the world.

Although the Group does not have any operations in either country and is therefore not directly affected, the ongoing conflict has created volatility in global energy markets. The Group continues to monitor the macro-economic developments closely and its impact on going concern.

The Group is most significantly impacted by fluctuations in energy prices and interest rates.

In 2022, 78% of Group revenues come from fixed rate tariffs and therefore the impact of energy price volatility is limited to a small portion of the Group's operational cash flows. In addition, the Group has a policy of hedging or fixing at least 70% of the loans in each currency to reduce the interest rate exposure.

5 Key accounting judgements and sources of estimation uncertainty

The Directors have prepared the financial statements using estimates based on historical experience and other factors considered reasonable under the circumstances. The carrying amount of assets and liabilities, where not readily apparent from other sources, was established on the basis of these estimates. The Company periodically reviews these estimates. However, given the inherent uncertainty, the need may arise to make significant adjustments to the carrying amounts of assets and liabilities affected in future periods should changes occur in the hypotheses or circumstances on which the resulting values were based.

The key assumptions regarding the future, in addition to other relevant information regarding uncertainty estimation at the reporting date, which represent a considerable risk that the carrying amounts of assets and liabilities may require significant adjustments in the following financial year, are as follows:

Impairment of investments
When preparing the financial statements, the Directors must assess whether there are any indicators of impairment of investments, judgement must be made in order to assess if there are any impairment indicators. As part of their assessment as to whether there are indicators of impairment, the Directors estimate the expected cash flows from investments and the cash-generating units to which they belong, applying an appropriate discount rate to calculate the present value of these cash flows.

6 Revenue from contracts with customers

The Company's revenue relates to the provision of corporate, technical, financial and administrative services to Group companies based in the following regions:

	2022 £	2021 £
Bermuda	**13,812,505**	9,220,632
Chile	**3,296,937**	4,583,980
Spain	**3,194,128**	2,800,476
Italy	**2,272,430**	1,869,924
Poland	**1,813,561**	—
France	**1,740,020**	1,888,295
Japan	**1,276,848**	1,329,776
United Kingdom	**922,052**	156,607
Germany	**487,787**	—
Puerto Rico / USA	**155,612**	106,371
Netherlands	**47,905**	33,269
South Africa	**—**	40,841
	29,019,785	22,030,171

7 Profit / (loss) before tax

The result before tax is stated after charging / (crediting) the following:

	Note	2022 £	2021 £
Depreciation of owned assets	17	**123,770**	157,641
Depreciation of leased assets	17	**434,672**	403,066
Amortisation of intangible assets	16	**46,288**	46,288
Foreign exchange differences		**1,434,814**	(3,869,771)
Auditor's remuneration		**69,900**	83,300

8 Directors' remuneration

	Note	2022 £	2021 £
Directors' remuneration		**929,582**	983,166
Long-term incentive programme	10	**941,251**	1,361,042
Pension costs		**35,677**	20,623
		1,906,510	2,364,831

All directors were paid by the Company in 2022 (2021: all). Directors' emoluments disclosed above include the emoluments of the highest paid Director of £1,147,164 (2021: £1,043,772). See Note 10 for further information about the long-term incentive programme.

9 Employees

	Note	2022 £	2021 £
Wages and salaries		**8,248,734**	6,262,472
Long-term incentive programme	10	4,268,902	3,058,299
Social security costs		1,650,307	1,296,009
Pension costs		328,320	128,399
Other staff benefits		75,289	69,313
		14,571,552	10,814,492

Average number of employees during the period (including Directors)	**64**	57

The wages and salaries have increased due to the increase in staff numbers and increased average salary cost.

10 Long-term incentive programme

Certain employees of the Company are participating in a long-term incentive programme ("LTIP") run by the Company's ultimate shareholder, Sonnedix Power Holdings Ltd.

Each participant of the scheme is issued LTIP Units which have a two-year vesting period. The pay-out relating to each LTIP Unit is linked to the increase in the fair value (net asset value) of the Group, taken from the value at the beginning of the vesting period to the value at the end of the vesting period for each class of Units. The vesting period for the current LTIP Units (Class E) began on 1 January 2022.

The LTIP charge included in the income statement (see Note 9) for 2022 is £4,268,902 (2021: £3,058,299).

The pay-out relating to each LTIP Unit is linked to the increase in the fair value (net asset value) of the Group, taken from the value at the beginning of the vesting period of each class of LTIP Unit to the value at the end of the vesting period.

LTIP participants are not entitled to dividends or equity in the Group. The LTIP is classified as a graded vesting cash-settled share-based payment programme in the accounts of Sonnedix Power Holdings Ltd.

The fair value of the liability for the LTIP is recognised over the period from grant date to settlement and is remeasured at each reporting date.

11 Finance income

	2022 £	2021 £
Interest receivable on loans to Group companies	**43,866,962**	31,173,307
	43,866,962	31,173,307

12 Finance expense

	2022 £	2021 £
Interest payable on loan notes	**34,140,915**	27,631,537
Interest payable on shareholder loans	9,000,547	—
Interest payable on loan from subsidiary	1,366,943	—
Lease interest	90,639	75,392
Other finance costs	11,387	9,397
	44,610,431	27,716,326

The interest payable on loan notes were from Eurobonds (see Note 20) and were listed on The International Stock Exchange in Guernsey.

13 Tax

	2022 £	2021 £
Current tax:		
UK corporation tax	—	452,246
Adjustment in respect of prior periods	**(45,549)**	13,340
Total current tax	**(45,549)**	465,586
Deferred tax		
Origination and reversal of timing differences	**(1,389,264)**	(2,275)
Total deferred tax	**(1,389,264)**	(2,275)
Tax charge / (credit) on profit on ordinary activities	**(1,434,813)**	463,311

Tax assessed for the year is lower than (2021: lower than) the standard rate of corporation tax in the UK for the year ended 31 December 2022 of 19% (2021: 19.00%). The differences are explained below:

	2022 £	2021 £
Profit on ordinary activities before tax	**6,851,462**	82,037,157
Profit multiplied by the standard rate of tax in the UK	**1,301,778**	15,587,060
Effects of:		
- (Income) / expenses not deductible for tax purposes	**(3,024,844)**	(15,142,223)
- Group relief	**667,225**	(17,022)
- Difference between current tax and deferred tax rate	**(333,423)**	22,156
- Adjustment in respect of prior periods	**(45,549)**	13,340
	(1,434,813)	463,311

Future changes in tax rates

Finance Bill 2021 includes legislation to increase the main rate of corporation tax from 19% to 25% from 1 April 2023. These changes are included above as Finance Bill 2021 was substantively enacted at the year-end date.

14 Investments

	£
At 1 January 2022	513,863,586
Additions	162,906,748
At 31 December 2022	**676,770,334**

Investments comprise equity shares in the following companies:

Company name	Registered address	Country of Incorporation	2022	2021
Sonnedix Solar Solutions BV	Muiderstraat 9C, 1011 PZ, Amsterdam	Netherlands	100%	100%
Sonnedix Cash Management Services Ltd	90 Union Street, London, SE1 0NW	UK	100%	100%
Sonnedix Finance Ltd	90 Union Street, London, SE1 0NW	UK	100%	100%

Additions consist of conversion of loan to equity in Sonnedix Solar Solutions BV.

A complete list of all indirect subsidiaries is included in Note 28.

15 Loans receivable

	2022 £	2021 £
Loans receivable from Group companies:		
- Euro loan	484,115,177	429,642,830
- US dollar loan	336,423,569	105,496,585
- South African rand loan	—	143,943
- GBP loan	41,699,689	—
- Polish zloty loan	2,419,535	—
	864,657,970	535,283,358

All loans are receivable from Sonnedix Solar Solutions BV. Loans receivable have increased as the Sonnedix Group has grown its European and Chilean operations.

16 Intangible assets

	Software £
Cost	
At 31 December 2021	231,443
At 31 December 2022	**231,443**
Depreciation	
At 31 December 2021	(111,864)
Charge for the year	(46,288)
At 31 December 2022	**(158,152)**
Net book value	
At 31 December 2022	**73,291**
At 31 December 2021	119,579

17 Property, plant and equipment

	Right of use assets - Leased offices £	Fixtures and fittings £	Office equipment £	Total £
Cost				
At 31 December 2021	3,372,267	619,775	210,852	4,202,894
Additions	4,576,590	8,301	100,042	4,684,933
At 31 December 2022	**7,948,857**	**628,076**	**310,894**	**8,887,827**
Depreciation				
At 31 December 2021	(1,209,294)	(431,249)	(178,573)	(1,819,116)
Charge for the year	(434,672)	(105,315)	(18,455)	(558,442)
At 31 December 2022	**(1,643,966)**	**(536,564)**	**(197,028)**	**(2,377,558)**
Net book value				
At 31 December 2022	**6,304,891**	**91,512**	**113,866**	**6,510,269**
At 31 December 2021	2,162,973	188,526	32,279	2,383,778

Additions to leased offices arise as a result of a lease modification, see Note 21.

18 Trade and other receivables

	2022 £	2021 £
Advances to Group companies	**94,035,010**	84,966,826
Trade receivables	**9,927,638**	4,478,403
Interest receivable from Group companies	**4,127,755**	15,300,231
Prepayments	**586,819**	588,852
Accrued income	**410,121**	—
VAT receivable	**400,567**	340,164
Corporation tax	**31,333**	—
Other receivables	**49**	1,472
	109,519,292	105,675,948

All trade receivables relate to Group companies.

19 Trade and other payables

	2022 £	2021 £
Amounts payable to Group companies	**10,595,293**	803,876
Interest payable on loan notes	**9,054,985**	2,446,201
Accruals	**4,285,122**	2,978,757
Trade creditors	**3,878,370**	849,675
Staff costs payable	**2,532,668**	4,016,128
Taxation and social security	**298,637**	564,202
Corporation tax	—	369,782
	30,645,075	12,028,621

20 Loans payable

	2022 £	2021 £
Loan payable to Group companies:		
- Euro loan	556,248,833	—
- US dollar loan	345,521,608	—
- GBP loan	41,699,688	—
- Polish zloty loan	482,352	—
Loan notes payable to Group companies:		
- Euro loan	—	582,719,266
- US dollar loan	—	105,330,467
- South African rand loan	—	151,819
	943,952,481	688,201,552
Due within 1 year	**57,896,067**	—
Due after 1 year	**886,056,414**	688,201,552
	943,952,481	688,201,552

The loan notes payable to Group Companies were in the form of Eurobonds listed on The International Stock Exchange in Guernsey. On 9 December 2022, the loan notes were settled via the issue of unlisted loans payable to Group companies. The Eurobonds were subsequently delisted on 19 January 2023.

Loans payable to Group companies are Revolving Credit Facilities ("RCFs") with the following maturities.

Currency	**Total facility**	**Maturity**
Euro	EUR 3,000,000,000	31 December 2050
US dollar	USD 2,000,000,000	31 December 2050
GBP	GBP 1,000,000,000	31 December 2050
Polish zloty	PLN 5,000,000,000	31 December 2050

Interest payable on each RCF is variable based on the interest receivable on the corresponding loan receivable plus a margin.

21 Lease liabilities

The Company has lease contracts for offices expiring in 2032 (2021: expiring in 2027). The Company's obligations under its leases are secured by the lessor's title to the leased office. The incremental borrowing rate of leases is 4% (2021: 3%).

On 17 November 2022, the Company leased additional floors in its office building and extended the term of its lease to 10 years. This transaction has been recognised as a lease modification in accordance with IFRS 16: Leases.

The carrying amounts of leased offices are set out in Note 17.

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	2022 £	2021 £
Due within one year	387,650	113,891
Due after one year	6,470,882	2,143,815
	6,858,532	2,257,706

	2022 £	2021 £
At January 1	2,257,706	2,726,409
Additions	4,576,590	14,720
Accretion of interest	90,639	75,392
Payments	(66,403)	(558,815)
At 31 December	6,858,532	2,257,706

The following amounts have been recognised in profit or loss:

	2022 £	2021 £
Depreciation expense of right of use assets	434,672	403,066
Interest expense on lease liabilities	90,639	75,392
	525,311	478,458

22 Called up share capital

	2022 £	2021 £
Ordinary shares of £1 each		
Allotted and fully paid		
At 1 January	114	113
Issued during year	2	1
At 31 December	**116**	**114**

On 13 October 2022 the Company converted $145,128,450 of its USD loan, equivalent to £127,929,233, to equity, issuing one share.

On 22 December 2022 the Company converted €94,000,000 of its EUR loan, equivalent to £81,996,222, to equity, issuing one share.

23 Reserves

Share premium
Share premium represents amounts received in excess of nominal value for shares issued in the Company.

Profit and loss account
Profit and loss account represents the cumulative profits and losses of the Company, less any dividends paid.

24 Ultimate and immediate parent undertaking

The immediate parent undertaking is Sonnedix Solar Holdings Limited. Its registered office is Victoria Place, 1st Floor, 31 Victoria Street, Hamilton HM 10, Bermuda.

The ultimate parent undertaking and largest group to consolidate these financial statements is Sonnedix Power Holdings Limited, incorporated without reserve liability under the laws of Bermuda. Its registered office is Victoria Place, 1st Floor, 31 Victoria Street, Hamilton HM 10, Bermuda. Consolidated financial statements are available on request.

25 Risks and uncertainties

The Company has exposure to the following risks:

a) Credit risk
Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company operates as a service provider to companies within the same group and the ability of individual counterparties to settle debts is dependent on the credit of the ultimate parent undertaking. The Directors consider this risk to be low.

b) Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has intercompany debts repaid with proceeds from intercompany loan receivable and therefore the risk is based on current working capital. Working capital liabilities are short term in nature and will be funded by the Company's operational cash flows, with any timing differences in the cash flow being covered by the Company's parent.

c) Foreign currency risk
The Company undertakes transactions in foreign currencies and is consequently exposed to fluctuations in the exchange rates. The Company is mainly exposed to fluctuations in the US dollar and the euro.

26 Commitments and contingencies

At 31 December 2022 the company has provided the following parent company guarantees on behalf of its subsidiaries:

- Up to £90,420,116 in relation to financing agreements of which £70,824,000 has corresponding guarantees issued to the Company from its immediate parent company Sonnedix Solar Solution Limited
- Up to £9,295,650 in relation to power purchase agreements
- Up to £4,365,150 in relation to procurement contracts

At 31 December 2022 the company has provided a guarantee of up to £3,003,291 in respect of lease obligations of Sonnedix USA Services LLC, a company under common control

27 Events after the reporting date

On 19 January 2023 the Company's EUR and USD Eurobonds were delisted from TISE.

The Company issued the following additional parent company guarantees on behalf of its subsidiaries:

- On 27 January 2023, up to £5,754,450 in relation to financing agreements
- On 11 April 2023, up to £1,557,505 in relation to power purchase agreements

28 List of subsidiaries

The following pages provide a list of all direct and indirect subsidiaries of the Company, their country of incorporation and percentage ownership.

Company name	2022	2021
Netherlands		
Sonnedix Solar Solutions BV	100%	100%
Sonnedix BV	100%	100%
Sonnedix Africa BV	100%	100%
Sonnedix Germany BV	100%	100%
Sonnedix Solar Spanish Holdings 2 BV	86.635%	86.635%
Sonnedix Power I BV	86.635%	86.635%
Sonnedix Power II BV	86.635%	86.635%
Sonnedix Holdco Spain BV	86.635%	86.635%
Sonnedix Solen BV	54.65%	54.65%
UK		
Sonnedix UK Holdings Ltd	100%	100%
Sonnedix Cash Management Services Ltd	100%	100%
Sonnedix UK Services Ltd	100%	100%
Grove Farm Solar Farm Ltd	100%	100%
Sonnedix Finance Ltd	100%	100%
Sonnedix Bengrove Ltd	70%	70%
Hamilton Solar Ltd	70%	—
Sonnedix Cowley Ltd	100%	—
Sonnedix Fritts Ltd	65%	—
Sonnedix Gammaton Ltd	100%	—
Sonnedix Gonerby Ltd	100%	—
Sonnedix Middlefield Ltd	100%	—
Sonnedix Weston Ltd	100%	—
Sonnedix Winkburn Ltd	100%	—
France		
Sonnedix France SAS	100%	100%
Sonnedix Pleurtuit SAS	100%	100%
Sonnedix Alpha SAS	100%	100%
Sonnedix Provence SAS	100%	100%
Centrale Photovoltaïque de Romilly Sur Seine SAS	100%	100%
Helium Installations Solaires de l'Aude 1 SAS	51.08%	51.08%
Sonnedix Rosières SAS	100%	100%
Sonnedix Sulauze SAS	100%	100%
Sonnedix Nengligé SAS	—	100%
Sonnedix Saint Martin de Crau SAS	—	100%
Sonnedix France Services and Investment SAS	100%	100%
Sonnedix France II SAS	100%	100%
Sonnedix Solaire SAS	100%	100%
Elecsol Provence Sarl	100%	100%
Solaire Uglas SAS	100%	100%
Meridian Solaire II SAS	100%	100%
Quincieux Production SAS	100%	100%
Lavansol M11 Holding SAS	—	100%
Soleol I SAS	100%	100%
Soleol II SAS	100%	100%
Soleol IV SAS	100%	100%
Lavansol I SAS	100%	100%
Lavansol III SAS	100%	100%
Lavansol IV SAS	100%	100%
Lavansol V SAS	100%	100%
Lavansol VI SAS	100%	100%
Lavansol M1 SAS	100%	100%
Lavansol M17 SAS	100%	100%
Sonnedix France Operations SAS	100%	100%
Lavansol M18 SAS	100%	100%
Lavansol M8 SAS	100%	100%
Lavansol M9 SAS	100%	100%
Lavansol M14 SAS	95%	95%
Lavansol M19 SAS	100%	100%
Lavansol M21 SAS	100%	100%
Provensol I Sarl	100%	100%
Sonnedix France VI SAS	100%	100%
Ferrasol Sarl	100%	100%
Chateau Solar I Sarl	100%	100%
Chateau Solar II Sarl	100%	100%
Chateau Solar IV Sarl	100%	100%
Lavansol P (formerly known as Chateau Solar V SAS)	100%	100%
Durancialis I Sarl	100%	100%
Durancialis II Sarl	100%	100%
Sonnedix France Services SAS	100%	100%
Lavansol M13 SAS	100%	100%
Camargue I Sarl	100%	100%
Corsolar 1 SAS	100%	100%
Corsolar 2 SAS	100%	100%
Corsolar 3 SAS	100%	100%
Corsolar 5 SAS	100%	100%
Corsolar 6 SAS	100%	100%
Delta Solar SAS	100%	100%
Aloe Energy SAS	100%	100%
Sonnedix Aloe Holdings SAS	100%	100%
Vallouxsol SAS	100%	100%
Agromanduel 1 SAS	100%	100%
Agromanduel 2 SAS	100%	100%
Agrosolar SAS	100%	100%
Lorsolar I SAS	100%	100%
Sonnedix France V SAS	100%	100%
Sonnedix France IV SAS	100%	100%
Corsolar SAS	100%	100%
Sonnedix Invest France SAS (formerly known as Aloe Invest SAS)	100%	100%
CPES Les Lacs Medocains de la Redoune Sarl	100%	100%
CPES Les Lacs Medocains Du Bourg D'Hourtin Sarl	100%	100%
CPES Les Lacs Medocains du Gartiou Sarl	100%	100%

Sunergos SAS	100%	100%
Sonnedix Julia SAS	100%	100%
Sonnedix Maubeuge SAS	100%	100%
Sonnedix Flins SAS	100%	100%
Sonnedix Douai SAS	100%	100%
Sonnedix Sandouville SAS	100%	100%
Sonnedix Batilly SAS	100%	100%
Aude Holding SAS	51.07%	51.07%
Chateau Solar VI SAS	100%	100%
Lavansol M12 Sarl	100%	100%
Lavansol M16 Sarl	100%	100%
Tout le Soleil d'Auriac sur Dropt SAS	100%	100%
Sonnedix France VII SAS	100%	100%
Sonnedix France VIII SAS	100%	100%
Italy		
Sonnedix Italia Srl	100%	100%
Energy Development Srl	—	100%
Sonnedix San Giorgio Srl	67.053%	67.053%
Sonnedix Italia Servizi Srl	100%	100%
Sonnedix Santa Lucia Srl	—	100%
Solar Energy Italia 6 Srl	—	100%
Sonnenergia Srl	67.053%	67.053%
Sonnedix San Davide Srl	100%	100%
PV1 Srl	67.053%	67.053%
Sonnedix San Raffaele Srl	67.053%	67.053%
Sonnedix Italia Operation Srl	100%	100%
Sonnedix Earth SAS	100%	100%
Sonnedix Sant'Omobono Srl	100%	100%
Sonnedix Santa Barbara Srl	100%	100%
Sonnedix Santa Chiara Srl	100%	100%
Sonnedix Santa Caterina Srl	100%	100%
Green Seven Srl	67.053%	67.053%
Sonnedix San Francesco Srl	100%	100%
Sonnedix San Paolo Srl	100%	100%
PV Campiglia Srl	100%	100%
Montecarbone PV Srl	100%	100%
Sonnedix Sant'Elena Srl	100%	100%
Sonnedix Santa Marta Srl	100%	100%
Sonnedix Santa Rita Srl	100%	100%
Molino di Filo Srl	—	100%
Cava-Trotta Srl	—	100%
PV Ichnosolar Srl	100%	100%
SF-Adriatica Srl	—	100%
Solare Beta Srl	—	100%
B Energy Srl	—	100%
C Energy Srl	—	100%
Galileo Srl	—	100%
MI.CA Solare Srl	—	100%
Sonnedix Tirli Sviluppo 3 Srl	—	100%
Sonnedix Tirli Sviluppo 5 Srl	—	100%
Fortunata Solar Srl	60%	60%
GGP Solar 2 Srl	60%	60%
Sonnedix San Gabriele Srl	100%	100%

Sonnedix San Michele Srl	100%	100%
Sonnedix Artemisia Srl	100%	100%
BhnDue Srl	100%	100%
Carmiano Cinque Srl	100%	100%
Carmiano Due Srl	100%	100%
PVStrom Solar Lecce Srl	100%	100%
Set Energia Srl	100%	100%
Sunvis Srl	100%	100%
Sonnedix Sant'Anna Srl	100%	100%
A3FV Santhià Solar Srl	100%	—
AMS 3.0 Srl	100%	—
Aton 23 Srl	100%	—
Bagnolo Green Power Srl	60%	—
Carratois Srl	60%	—
Cherry Picking Srl	60%	—
Dev Solar 1 Srl	60%	—
IPC Sicilia Srl	100%	—
Karalis Solar Farm Srl	100%	—
Megara Solar Srl	60%	—
Nereidi Srl	60%	—
New Solar 1 Srl	100%	—
Nina Solar Srl	60%	—
Sandalia Solar Farm Srl	100%	—
Sonnedix San Felice Srl	100%	—
Green Karalis Srl	—	—
Sandalia Green Srl	—	—
Sonnedix Archimede Srl	—	—
Sonnedix San Rocco Srl	—	—
Spain		
Sonnedix España SLU	100%	100%
Sonnedix Latam Holdings SLU	100%	100%
Sonnedix España Management SLU	100%	100%
New VE Holdco SLU	100%	100%
Sonnedix España Services SLU	100%	100%
Sonnedix España SPV XV SLU	86.635%	86.635%
Sonnedix España Solar Power I BV SLU	86.635%	86.635%
Sonnedix España Solar Finance SLU	86.635%	86.635%
Sonnedix España Solar Alcudia SLU	86.635%	86.635%
Sonnedix España Solar Solarfin SLU	86.635%	86.635%
Sonnedix España Solar Acula SLU	86.635%	86.635%
Sonnedix España Solar Pedro Martinez SLU	86.635%	86.635%
Sonnedix España Solar Alhama De Granada SLU	86.635%	86.635%
Sonnedix España Solar Isnalloz SLU	86.635%	86.635%
Sonnedix España Solar Villamesias SLU	86.635%	86.635%
Global Atreo SLU	86.635%	86.635%
Bujia Solar SLU	86.635%	86.635%
JB Solar Malagon SLU	86.635%	86.635%
Siluendor Plano SLU	86.635%	86.635%
Unified Group SLU	86.635%	86.635%
Cruanorna SLU	86.635%	86.635%
Gapalencos SLU	86.635%	86.635%
Parque Solar Caudete SLU	86.635%	86.635%

Sonnedix España SPV VIII SLU	86.635%	86.635%
Sonnedix España SPV XIII SLU	86.635%	86.635%
Sonnedix España SPV XIV SLU	86.635%	86.635%
Arroyo Solar SLU	86.635%	86.635%
Sonnedix España SPV XI SLU	86.635%	86.635%
Sonnedix España SPV XII SLU	86.635%	86.635%
Proyectos Integrados Renovables 2 SLU	86.635%	86.635%
Sonnedix España SPV IV SLU	86.635%	86.635%
Vermorazul SLU	86.635%	86.635%
Diversia Solar Proyectos y Explotaciones de Parques Solares SLU	86.635%	86.635%
Sonnedix España SPV IX SLU	86.635%	86.635%
Sonnedix España SPV VI SLU	86.635%	86.635%
Fotovoltaica La Gamonosa SLU	86.635%	86.635%
Conjunto Solar Mejorada SL	49.460%	49.46%
Capur Business SLU	86.635%	86.635%
Acacia Instalaciones Fotovoltaicas SLU	86.635%	86.635%
Villanueva Cosolar SLU	86.635%	86.635%
Sonnedix España SPV XXI SLU	86.635%	86.635%
Sonnedix España SPV V SLU	86.635%	86.635%
Sonnedix España SPV XXII SLU	86.635%	86.635%
Sonnedix España SPV XXIII SLU	86.635%	86.635%
Sonnedix España SPV XXIV SLU	86.635%	86.635%
Sonnedix España SPV XXV SLU	86.635%	86.635%
Sociedad de Explotacion Fotovoltaica Omega SLU	86.635%	86.635%
Sonnedix España Holdings 2 SLU	100%	100%
Sonnedix España Holdings 3 SLU	86.635%	86.635%
Sonnedix España SPV VII SLU	86.635%	86.635%
Sonnedix España SPV XVII SLU	86.635%	86.635%
Sonnedix España SPV XIX SLU	86.635%	86.635%
Sonnedix España SPV XX SLU	86.635%	86.635%
Sonnedix España SPV XXVI SLU	86.635%	86.635%
Impax Solar Toledo 1 SLU	100%	100%
Impax Solar Toledo 2 SLU	100%	100%
Impax Solar Toledo 3 SLU	100%	100%
Impax Solar Toledo 4 SLU	100%	100%
Impax Solar Toledo 5 SLU	100%	100%
Impax Solar Toledo 6 SLU	100%	100%
Impax Solar Toledo 7 SLU	100%	100%
Impax Solar Toledo 8 SLU	100%	100%
Impax Solar Toledo 9 SLU	100%	100%
Impax Solar Toledo 10 SLU	100%	100%
Impax Solar Toledo 11 SLU	100%	100%
Impax Solar Toledo 12 SLU	100%	100%
Impax Solar Toledo 13 SLU	100%	100%
Impax Solar Toledo 14 SLU	100%	100%
Impax Solar Toledo 15 SLU	100%	100%
Impax Solar Toledo 16 SLU	100%	100%
Impax Solar Toledo 17 SLU	100%	100%
Impax Solar Toledo 18 SLU	100%	100%
Impax Solar Toledo 19 SLU	100%	100%
Impax Solar Toledo 20 SLU	100%	100%
Impax Solar Toledo 21 SLU	100%	100%
Impax Solar Toledo 22 SLU	100%	100%
Impax Solar Toledo 23 SLU	100%	100%
Impax Solar Toledo 24 SLU	100%	100%
Impax Solar Toledo 25 SLU	100%	100%
Impax Solar Toledo 26 SLU	100%	100%
Impax Solar Toledo 27 SLU	100%	100%
Impax Solar Toledo 28 SLU	100%	100%
Impax Solar Toledo 29 SLU	100%	100%
Impax Solar Toledo 30 SLU	100%	100%
Impax Solar Toledo 31 SLU	100%	100%
Impax Solar Toledo 32 SLU	100%	100%
Impax Solar Toledo 33 SLU	100%	100%
Impax Solar Toledo 34 SLU	100%	100%
Parque Eolico de Cubla SLU	86.635%	86.635%
Sonnedix España Finance 4 SLU	100%	100%
Sonnedix España Solar Energy SLU	100%	100%
Sonnedix España Finance 3 SLU	100%	100%
VE Sonnedix SPV I SLU	100%	100%
VE Sonnedix SPV Beta SLU	100%	100%
VE Sonnedix SPV Delta SLU	100%	100%
VE Sonnedix SPV Gamma SLU	100%	100%
Sonnedix España Holdings 4 SLU	100%	100%
Ostirala Inversiones SLU	100%	100%
Sonnedix España Holdings SLU	86.635%	86.635%
Sonnedix España Equityco SLU	86.635%	86.635%
VE Sonnedix Equityco SLU	86.635%	86.635%
Parque Solar Fotovoltaico Olleria SCP	50.223%	50.223%
Sonnedix España Finance 2 SA	86.635%	86.635%
Sonnedix España Holdings 5 SLU	100%	100%
Agrupacion Servicios Comunes Santo Domingo AIE	75%	75%
Alderamín Solar SLU	—	100%
Alfarrasí Solar SLU	—	100%
Alfarrasí Solar 2 SLU	—	100%
Sonnedix Finco Trio SLU	—	100%
Arcicollar Solar SLU	—	100%
Argos Energía SLU	—	100%
Sonnedix Energy PV II SLU	—	100%
Bridge Infraestructure Capital Solar Plant Totana 9 SLU	—	100%
Cisares SLU	—	100%
Coria Solar SLU	—	100%
Cronosfera Energía SLU	—	100%
Cuesta Blanca Solar 18 SLU	—	100%
Dazia Solar 3 SLU	—	100%
Dazia Solar 4 SLU	—	100%
Sonnedix Alcolea Renovables SLU	—	100%
Sonnedix Epsilon SLU	—	100%
Sonnedix Energy Phi SA	100%	100%
Sonnedix Energy Tau SA	100%	100%
Sonnedix Jumilla Renovables SLU	—	100%
Sonnedix Iota SLU	100%	100%
Sonnedix Kappa SLU	—	100%
Sonnedix España Finance 5 SLU	100%	100%

Sonnedix Omicron SLU	100%	100%
Sonnedix Cuesta Blanca Renovables SLU	—	100%
Energia Solar del Suroeste SLU	—	100%
Genera Mil Soles SLU	—	100%
Geres Energías Renovables España SLU	—	100%
HCEJEL Renovables SLU	—	100%
Instalación Peral Fase 2 AIE	—	100%
Instalación Peral 1 La Herrera SLU	—	100%
Instalación Peral 2 SLU	—	100%
Institutoer-Solar Extremadura SLU	—	100%
Llano Soleil 18 SL	56.25%	56.25%
Parques Solares de Miras AIE	—	100%
Vela Fotón SLU	—	100%
Spica Fotón SLU	—	100%
Parques Solares de Torrealvilla AIE	—	100%
Pedrevoltaica SLU	—	100%
Pedrevoltaica 1 SLU	—	100%
Planfover G.P. 5 SLU	—	100%
Premier Strike SLU	—	100%
Rhin Solar SLU	—	100%
Shaula Solar SLU	—	100%
Pedrevoltaica 2 SC	—	100%
Pedrevoltaica 3 SC	—	100%
Pedrevoltaica 4 SC	—	100%
Pedrevoltaica 5 SC	—	100%
Pedrevoltaica 6 SC	—	100%
Pedrevoltaica 7 SC	—	100%
Pedrevoltaica 8 SC	—	100%
Pedrevoltaica 9 SC	—	100%
Pedrevoltaica 10 SC	—	100%
Pedrevoltaica 11 SC	—	100%
Instalaciones Comunes Arriba SC	88%	88%
Instalaciones Comunes Casas Don Benito SC	80.4%	80.4%
Sonnedix Aliaga I SLU	100%	100%
Sonnedix Aliaga II SLU	100%	100%
Subestacion Torrealvilla SC	83%	83%
Sonnedix España Holdings 6 SLU	—	100%
Anbormo SLU	—	100%
Fotovoltaica Renovable 37 SLU	—	100%
Cribbormo SLU	—	100%
Fotovoltaica Renovable 40 SLU	—	100%
Luzpas SLU	—	100%
Planta Solar Fotovoltaica De Atzeneta 2 SCP	—	100%
Agrupacion Servicios Fotovoltaicos Aielo AIE	—	100%
ISF Algevasi 290 SLU	—	100%
ISF Algevasi 291 SLU	—	100%
ISF Algevasi 292 SLU	—	100%
ISF Algevasi 293 SLU	—	100%
ISF Algevasi 294 SLU	—	100%
ISF Algevasi 295 SLU	—	100%
ISF Algevasi 296 SLU	—	100%
ISF Algevasi 297 SLU	—	100%
ISF Algevasi 298 SLU	—	100%
ISF Algevasi 299 SLU	—	100%
ISF Algevasi 300 SLU	—	100%
Sonnedix España Holdco SLU	100%	100%
Ingeniería Sol Nostrum SLU	—	100%
Fotovoltaica Renovable 41 SLU	—	100%
Fotovoltaica Renovable 44 SLU	—	100%
Fotovoltaica Renovable 46 SLU	—	100%
Grupo Empresarial Villasolar SLU	—	100%
Aipa 2007 SLU	—	100%
Enepamar SLU	—	100%
Energies Renovables la Canal SLU	—	100%
Foranubols SLU	—	100%
Fotexsolta SLU	—	100%
Inversol 2007 SLU	—	100%
Juvan 2006 SLU	—	100%
Kinosol 2007 SLU	—	100%
Luiserju SLU	—	100%
M.C. Solar Safor Energy 2007 SLU	—	100%
Newbronx 08 SLU	—	100%
Pyramidion SLU	—	100%
Territorio Estrategias e Iniciativas SLU	—	100%
Voltoponpal SLU	—	100%
Aielo Solar SLU	—	100%
Benicadell Solar SLU	—	100%
Creueta Solar SLU	—	100%
El Planet Fotovoltaico SLU	—	100%
El Tossal Fotovoltaico SLU	—	100%
El Tossal Solar SLU	—	100%
Fotovoltaicas de la Vall D'Albaida SLU	—	100%
Fotovoltaicas del Benicadell SLU	—	100%
Lorchasol SLU	—	100%
Pinet Solar SLU	—	100%
Renovables Benicadell SLU	—	100%
Renovables de la Font de Ferri SLU	—	100%
Renovables del Moli SLU	—	100%
Renovables del Planet SLU	—	100%
Renovables del Tossal SLU	—	100%
Villaval 2010 SLU	—	100%
Gadstrup PV SLU	—	100%
Hurup PV I SLU	—	100%
Hurup PV II SLU	—	100%
Hurup PV III SLU	—	100%
Hurup PV IV SLU	—	100%
Hurup PV V SLU	—	100%
Hurup PV VI SLU	—	100%
Hurup PV VII SLU	—	100%
Merca II Renovables SLU	—	100%
Proark Solar Spain I SLU	—	100%
Ralos Investment Fotovoltaico Sur SLU	100%	100%
Ringsted PV XI SLU	—	100%
Suip Infonegocio SLU	—	100%
Sumba PV III SLU	—	100%
Suniva Power SLU	100%	100%

Suvan Power SLU	100%	100%
Svendborg PV III SLU	—	100%
Syddjurs I SLU	—	100%
Syddjurs II SLU	—	100%
Syddjurs III SLU	—	100%
Syddjurs IV SLU	—	100%
Syddjurs V SLU	—	100%
Syddjurs VI SLU	—	100%
Tirstrup PV I SLU	—	100%
Tirstrup PV II SLU	—	100%
Tirstrup PV III SLU	—	100%
Tirstrup PV IV SLU	—	100%
Tirstrup PV V SLU	—	100%
Tirstrup PV VI SLU	—	100%
Tirstrup PV XII SLU	—	100%
Tomesa Gestion SLU	—	100%
Castellana de Inversiones Fotovoltaicas SLU	—	100%
Diversis Solar Ciudad Real SLU	—	100%
Pitiegua 6001 SLU	—	100%
Pitiegua 6002 SLU	—	100%
Pitiegua 6003 SLU	—	100%
Pitiegua 6004 SLU	—	100%
Pitiegua 6005 SLU	—	100%
Pitiegua 6006 SLU	—	100%
Pitiegua 6007 SLU	—	100%
Pitiegua 6008 SLU	—	100%
Pitiegua 6009 SLU	—	100%
Pitiegua 6010 SLU	—	100%
Pitiegua 6011 SLU	—	100%
Pitiegua 6012 SLU	—	100%
Pitiegua 6013 SLU	—	100%
Pitiegua 6014 SLU	—	100%
Pitiegua 6015 SLU	—	100%
Pitiegua 6016 SLU	—	100%
Pitiegua 6017 SLU	—	100%
Pitiegua 6018 SLU	—	100%
Pitiegua 6019 SLU	—	100%
Pitiegua 6020 SLU	—	100%
Pitiegua 6021 SLU	—	100%
Pitiegua 6022 SLU	—	100%
Pitiegua 6023 SLU	—	100%
Pitiegua 6024 SLU	—	100%
Pitiegua 6025 SLU	—	100%
Pitiegua 6026 SLU	—	100%
Pitiegua 6027 SLU	—	100%
Pitiegua 6028 SLU	—	100%
Pitiegua 6029 SLU	—	100%
Pitiegua 6030 SLU	—	100%
Pitiegua 6031 SLU	—	100%
Pitiegua 6032 SLU	—	100%
Pitiegua 6033 SLU	—	100%
Pitiegua 6034 SLU	—	100%
Pitiegua 6035 SLU	—	100%
Pitiegua 6036 SLU	—	100%
Pitiegua 6037 SLU	—	100%
Pitiegua 6038 SLU	—	100%
Solnueve Infraestructuras Solares Aeroportuarias SLU	—	100%
Horus Sun SLU	100%	100%
Sonnedix España Desarrollos SLU	100%	100%
Sonnedix España Holdings 8 SLU	100%	100%
Angora ITG SLU	100%	100%
Chocolate ITG SLU	100%	100%
Inver Generacion 2 SLU	100%	100%
Inver Generacion 4 SLU	100%	100%
Inver Generacion 12 SLU	100%	100%
Inver Generacion 15 SLU	100%	100%
Fiordo ITG SLU	100%	100%
Parque Solar Paramo SLU	100%	100%
Berfest Investments SA	100%	100%
Bienville SAU	—	100%
Bonete Fotovoltaica 1 SLU	100%	100%
Central Solar Termoelectrica Caceres SA	100%	100%
Cuesta Blanca Solar 28 SLU	100%	100%
Cuesta Blanca Solar 29 SLU	100%	100%
Cuesta Blanca Solar 30 SLU	100%	100%
Falabella ITG SLU	100%	100%
Belisol 132 KV SL	50%	—
Belona ITG SLU	100%	—
Caliope ITG SLU	100%	—
Coroa Directorship SLU	100%	—
Cuadruple Belinchon SL	19.93%	—
Destierraco2 SLU	100%	—
Fraile Hive SLU	100%	—
Inver Generacion 10 SLU	100%	—
Inversiones Colectivas en Energias Renovables I SLU	100%	—
Pripiat Renance SLU	100%	—
Seret ITG SLU	100%	—
Siula ITG SLU	100%	—
Sociedad Fotovoltaica Campo 52 SLU	100%	—
Sociedad Fotovoltaica Comarcal 51 SLU	100%	—
Sociedad Fotovoltaica Loarrense 52 SLU	100%	—
Sociedad Fotovoltaica Tardienta Solar 52 SLU	100%	—
Solar Global Investment Pedrola 1 SLU	100%	—
Sonnedix Vinaceite SLU (formerly known as Enerland 2007 S.L.)	100%	—
Triora ITG SLU	100%	—
Vera ITG SLU	100%	—

Poland

Sonnedix Poland Holdings Sp. z o.o.	100%	—
PV 1030 Sp. z o.o.	100%	—
Sonnedix Poland Sp. z o.o. (formerly known as Sun Power Energy Sp. z o.o.)	100%	—
Violasol Sp. z o.o.	100%	—
WTL10 Sp. z o.o.	100%	—
WTL110 Sp. z o.o.	100%	—

WTL180 Sp. z o.o.	100%	—
WTL190 Sp. z o.o.	100%	—
WTL230 Sp. z o.o.	100%	—
WTL240 Sp. z o.o.	100%	—
WTL250 Sp. z o.o.	100%	—
WTL260 Sp. z o.o.	100%	—
WTL280 Sp. z o.o.	100%	—
WTL290 Sp. z o.o.	100%	—
WTL30 Sp. z o.o.	100%	—
WTL300 Sp. z o.o.	100%	—
WTL310 Sp. z o.o.	100%	—
WTL320 Sp. z o.o.	100%	—
WTL330 Sp. z o.o.	100%	—
WTL340 Sp. z o.o.	100%	—
WTL350 Sp. z o.o.	100%	—
WTL360 Sp. z o.o.	100%	—
WTL370 Sp. z o.o.	100%	—
WTL380 Sp. z o.o.	100%	—
WTL390 Sp. z o.o.	100%	—
WTL400 Sp. z o.o.	100%	—
WTL410 Sp. z o.o.	100%	—
WTL420 Sp. z o.o.	100%	—
WTL430 Sp. z o.o.	100%	—
WTL440 Sp. z o.o.	100%	—
WTL450 Sp. z o.o.	100%	—
WTL70 Sp. z o.o.	100%	—
WTL90 Sp. z o.o.	100%	—
Germany		
Sonnedix Germany GmbH	100%	100%
Sonnedix Deutschland Solar GmbH & Co KG	100%	100%
Sonnedix Solar Borna GmbH & Co KG	100%	100%
Sonnedix Solar Hegnenbach GmbH & Co KG	100%	100%
Sonnedix Solarpark Tanger GmbH & Co KG	100%	—
Luxembourg		
Sonnedix Luxembourg Holdco 1 SCA	86.635%	86.635%
Sonnedix Luxembourg Holdco 2 Sarl	86.635%	86.635%
Sonnedix Finance SA	86.635%	86.635%
VE Sonnedix Luxembourg Holdco 2 Sarl	86.635%	86.635%
VE Sonnedix Luxembourg Holdco 1 SCA	86.635%	86.635%
VE Sonnedix Finance SA	86.635%	86.635%
Falabella Luxembourg SCA	100%	—
Portugal		
Solar International, Unipessoal LDA	100%	—
Chile		
Sonnedix Chile Holding SpA	100%	100%
Atacama Solar SA	100%	100%
Tercera Region Solar SpA	100%	100%
SPV P4 SpA	100%	100%
Sonnedix Cox Energy Chile SpA	70%	70%
PFV Donihue SpA	100%	100%
PFV La Molina SpA	100%	100%
Llanos de Potroso SpA	100%	100%
Marquesa Solar SpA	100%	100%
Sonnedix Chile Energy Storage SpA	100%	100%
Nueva Atacama Solar SA	100%	100%
Sonnedix Metro Expansion SpA	100%	100%
Sonnedix La Serena SpA	100%	100%
Sonnedix Malinke SpA	100%	100%
Sonnedix Crucero SpA	100%	100%
Sonnedix Energy Trading Chile SpA	100%	100%
Sonnedix Pelequén Solar SpA	100%	100%
Parque Fotovoltaico Andino Occidente SpA	100%	100%
El Queule SpA	100%	100%
Parronal Energy SpA	100%	100%
Villa Prat Energy SpA	100%	100%
Altos de la Manga Energy SpA	100%	100%
Sonnedix Taranto SpA	100%	100%
Sonnedix PPA Holding SpA	100%	100%
Sonnedix Pica Solar SpA	100%	100%
Sonnedix Tagua Tagua SpA	100%	100%
Sonnedix Tres Cruces SpA	100%	100%
Angamos Solar SpA	100%	100%
Quebrada de Talca Solar SpA	100%	100%
Santa Lucia Solar SpA	100%	100%
Corso Solar SpA	100%	—
PSF Don Darío SpA	100%	—
Sonnedix Angela Solar SpA (formerly known as Angela Solar SpA)	100%	—
Sonnedix Chile Admin 1 SpA (formerly known as Arco Admin Holding SpA)	100%	—
Sonnedix Chile Admin 2 SpA (formerly known as Arco Chile Holdings SpA)	100%	—
Sonnedix Chile Admin 3 SpA (formerly known as Administradora Arco SpA)	100%	—
Sonnedix Chile Holding Development SpA	100%	—
Sonnedix Chile Holding Operational SpA	100%	—
Sonnedix Chile Inversiones 1 SpA (formerly known as Inversiones ARCO 1 SpA)	100%	—
Sonnedix Chile Inversiones 2 SpA (formerly known as Inversiones ARCO 2 SpA)	100%	—
Sonnedix Chile Inversiones 3 SpA (formerly known as Inversiones Arco 3 SpA)	100%	—
Sonnedix Chile Inversiones Asociadas I SpA (formerly known as Inversiones Asociadas I SpA)	100%	—
Sonnedix Chile Services SpA	100%	—
Sonnedix Conejo Solar SpA (formerly known as Conejo Solar SpA)	100%	—
Sonnedix Don Goyo Holdings SpA (formerly known as Don Goyo Holdings SpA)	100%	—
Sonnedix Don Goyo Transmisión SA (formerly known as Don Goyo Transmisión S.A.)	100%	—
Sonnedix Don Pedro SpA (formerly known as Don Pedro SpA)	100%	—
Sonnedix Energy Supplier Chile SpA	100%	—

Sonnedix Fotovoltaica Algarrobo SpA (formerly known as Fotovoltaica Algarrobo SpA)	100%	—
Sonnedix Joaquin Solar SpA (formerly known as Joaquin Solar SpA)	100%	—
Sonnedix Las Codornices SpA (formerly known as Las Codornices SpA)	100%	—
Sonnedix Las Perdices SpA (formerly known as Las Perdices SpA)	100%	—
Sonnedix Librillo Solar SpA (formerly known as Librillo Solar SpA)	100%	—
Sonnedix Paine Energy SpA (formerly known as Paine Energy SpA)	100%	—
Sonnedix Parque Eólico Carica SpA (formerly known as Parque Eólico Carica SpA)	100%	—
Sonnedix Parque Eólico El Arrayán SpA (formerly known as Parque Eólico El Arrayán SpA)	100%	—
Sonnedix Parque Eólico El Maitén SpA (formerly known as Parque Eólico El Maitén SpA)	100%	—
Sonnedix Parque Eólico El Nogal SpA (formerly known as Parque Eólico El Nogal SpA)	100%	—
Sonnedix Parque Solar Amparo del Sol SpA (formerly known as Parque Solar Amparo del Sol SpA)	100%	—
Sonnedix Parque Solar Punta Colorada SpA (formerly known as Parque Solar SpA)	100%	—
Sonnedix Parsosy Illapel 5 SpA (formerly known as Parsosy Illapel 5 SpA)	100%	—
Sonnedix Victoria Solar SpA (formerly known as Victoria Solar SpA)	100%	—
South Africa		
Sonnedix Solar South Africa Holdings (Pty) Ltd	—	100%
Mulilo Sonnedix Prieska PV (Pty) Ltd	—	60%

There are subsidiary entities that were controlled as at December 31, 2021 but not at December 31, 2022, this is due to mergers into other subsidiary entities, dissolution of the subsidiary entities, or sale of those entities during 2022. For subsidiary entities which are listed as not controlled at both reporting dates, these were acquired and then subsequently merged during 2022. The principal activities of all subsidiary entities relate to the development and operation of solar plant projects.

SONNEDIX UK SERVICES LIMITED

Company Registration Number: 07904461

Annual Report and Financial Statements
for the year ended 31 December 2023

Contents

SONNEDIX UK SERVICES LIMITED

Company information

Directors	David Bateman Samantha Packwood Stephen Taylor
Registered office	90 Union Street London SE1 0NW
Company registration number	07904461

SONNEDIX UK SERVICES LIMITED

Strategic report for the year ended 31 December 2023

The Directors present their strategic report on Sonnedix UK Services Limited (the "Company") for the year ended 31 December 2023.

Principal activities and review of business
The principal activity of the Sonnedix Power Holdings Limited group is the acquisition, development, construction and operation of renewable energy projects to be used for the generation and sale of electrical energy. The Company is an intermediate holding company for Sonnedix Power Holdings Limited's investments in Europe and Chile. The Company provides corporate, technical, financial and administrative services to Sonnedix Power Holdings Limited and its subsidiary companies (together the "Group").

Principal risks and uncertainties
The Company acts as an intermediate holding company and provides services to the Group, therefore the principal risk of the Company lies in the recoverability of its investments in subsidiaries and amounts due from fellow group companies. The Company assesses the investment case for each of its projects individually by using financial models to assess investment returns over the life of a project. Investments in subsidiaries are subject to an annual impairment trigger assessment. Where a trigger is identified an impairment test is performed.

Climate Change
The Company does not have any cars under direct control (owned or leased) that are used for commuting or business travel in the UK, our transport emissions (scope 1) are therefore zero. Energy consumed in powering the Company's office space was 90,388 kWh in 2023 (2022: 69,092 kWh). Emissions as the result of this purchased electricity were nil in 2023 (2022: 13.361) tCO_2e (scope 2, market-based), due to procurement through renewable sources.

Energy efficiency is important to the Company and the wider group. Through our Sustainability Strategy, Sonnedix encourages the implementation of energy reduction measures, where feasible, on our construction and operational projects, and in our office in the UK, and offices across the globe. We encourage the installation of energy efficient and motion sensing lighting, energy efficient heating and cooling devices and efficient use of any fuels, among other measures.

As climate change awareness increases and governments around the world implement policies to decarbonise energy generation opportunities to invest in renewable energy projects may increase.

The future impacts of climate change on the operations of the Company are expected to be limited. Climate change is not expected to affect that carrying values of investments or have any other impact on the financial statements.

Key performance indicators
The Company is an intermediate holding company for the Group's investments and a service company providing corporate, technical, financial and administrative services to the Group with the intention of ensuring that all costs are fully recovered and that costs are appropriately managed, whilst maintaining and enhancing the quality of the services provided.

Companies Act section 172 statement
Section 172 of the Companies Act 2006 requires a director of a company to act in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. The Directors set out below their statement of compliance with section 172 of the Companies Act 2006 which should be read in conjunction with the Group's Sustainability Report 2023, available on the Group's website www.sonnedix.com.

Strategic report for the year ended 31 December 2023 (continued)

The Directors preside over the Company for the benefit of all stakeholders. When making decisions, the Directors consider both the potential long-term and short-term implication of those decisions. The principal purpose of the Group is the acquisition, development, construction and operation of renewable energy projects to be used for the generation and sale of electrical energy.

Our areas of focus are as follows:

Communities
As members of the communities in which we operate, we work to contribute to their social and economic development, ensuring we create value and improve the lives of our neighbours. We are committed to identifying, evaluating, mitigating and, where possible, avoiding any negative impact of our projects in the communities within which we operate. More importantly, we work closely with their key organisations and members to ensure our social and developmental activities enrich the community for the long term.

Environment
We fully commit to protect, enhance, and care for the environments where we build and operate solar plants, and beyond. We work to avoid any negative impact of our projects on the local and global environment. More importantly, we work to ensure our activity contributes to enhance the environment for the long term.

Education
Educating the problem-solvers of tomorrow is key to fighting against climate change. We provide educational support and resources focused on the challenges and opportunities of renewable energy, inspiring future generations.

The Sonnedix Sustainability Academy aims to provide lesson plans, worksheets, presentations and other materials to study solar energy, renewables and climate change. We aim to reach 300,000 learners worldwide from 2020 to 2024, helping children and young adults learn about issues such as climate change, sustainability and renewable/solar energy, and improving their access to education opportunities, including through partnering with schools. Our sustainability Academy is open to anyone that wants to learn how we can all build a bright future together.

Culture
A shared purpose: To power a bright future, is what connects every member of our team with one another, and also connects Sonnedix to our shareholders and the environment and communities where we operate. Our values and behaviours are at the core of our culture. They drive us forward as we strive to do better each day, leading the path to achieve our purpose.

- **One Team:** Working together as a diverse organisation across the world to achieve our purpose.
- **Do the right thing:** Act ethically, transparently and honestly to have a positive impact on everything we do.
- **Positive energy:** Proactively driving forward in a constructive and productive way.
- **Sustainable growth:** Promoting an environment that enables us to scale and grow in a healthy way.
- **Owner's mentality:** Empowering people to think and work in the best interest of the whole organisation.
- **Curious learners:** Enabling growth as our industry evolves, building future capabilities through active curiosity, learning and adaptation.

Partnerships
We collaborate with partners as driven as we are to develop renewable energy solutions that are more economical, beneficial and sustainable over time. Sonnedix builds, operates and manages renewable energy assets in diverse environments around the world, powering households, businesses and communities with a constant, reliable and clean source of electricity. We focus our expertise and efficiency, to create value for our partners and the customers we supply.

SONNEDIX UK SERVICES LIMITED

Strategic report for the year ended 31 December 2023 (continued)

Careers

At Sonnedix, everyone has the opportunity to grow with the Company. Every team member has a personal development plan designed to build their career, competencies and expertise. Our e-learning resources, facilitated sessions, mentoring program, courses, events and secondments ensure everyone grows for success and has access to leadership opportunities, while managers participate in tailored programs to develop themselves and build their teams.

This report was approved by the board on 25 June 2024.

David Bateman

Director

Directors' report for the year ended 31 December 2023

The Directors present their report together with the financial statements of the Company for the year ended 31 December 2023.

Results for the period and dividends
In 2023 the Company made an operating loss of £8,159,506 (2022: £5,831,125 loss) and a loss after tax of £5,747,697 (2022: £8,286,276 profit).

The Company did not pay a dividend in 2023 (2022: £nil).

Directors
The Directors who served during the year and to the date of this report, other than those as indicated, were as follows:

David Bateman (appointed 27 February 2024)
Karen Boesen (appointed 28 February 2023, resigned 8 May 2024)
William Catlin-Hallett (resigned 27 February 2024)
Marissa Corda (resigned 28 February 2024)
Samantha Packwood
Stephen Taylor (appointed 8 May 2024)

Third party indemnity for Directors
Qualifying third party indemnity provisions were in place during the year for the benefit of the Directors.

Financial risk management
The Company's activities expose it to a variety of financial risks. Details of the Company's exposure to credit risk, liquidity risk and foreign exchange risk are given in Note 25.

Going concern
The Company's activities as an intermediate holding company and service company for the Group mean that its ability to operate as a going concern is dependent on the Group's ability to operate as a going concern. The Company has prepared cash flow forecasts for the period to 30 June 2025. Management has prepared stressed scenarios with delays in service fee collections, which will still provide a positive cash position through the going concern period. Management has also prepared a reverse stress test which is considered to be implausible. In addition, management could take mitigating actions within their control which would result in a positive cash position throughout the going concern period. Therefore, the Directors have concluded it appropriate to adopt the going concern basis in preparing the financial statements.

Future developments
The Directors do not expect the activities of the business to change in the foreseeable future.

Events after the end of the reporting date
The Company issued the following additional parent company guarantees on behalf of its subsidiaries:

- On 25 January 2024, jointly with its immediate parent company Sonnedix Solar Holdings Limited, up to £39,010,500 in relation to financing agreement.
- On 22 March 2024, up to £12,223,290 in relation to financing agreement.
- On 09 May 2024, up to £554,807 in relation to procurement contracts.
- On 10 May 2024, up to £1,418,543 in relation to procurement contracts.

On 26 April 2024 the company cancelled £69,352,000 of parent company guarantees in relation to financing agreements.

Directors' report for the year ended 31 December 2023 (continued)

Statement of disclosure of information to auditor
In the case of each person who was a Director at the time this report was approved:

- So far as that Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- That Director has taken all the steps that ought to have been taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor was aware of that information.

This information is given and should be interpreted in accordance with the provision of s.418 of the Companies Act 2006.

Statement of Directors' responsibilities
The Directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ("FRS 101"). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether FRS 101 has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report was approved by the Board of Directors on 25 June 2024 and signed on behalf of the Board by:

David Bateman
Director

Independent auditor's report to the members of Sonnedix UK Services Limited

Opinion

We have audited the financial statements of Sonnedix UK Services Limited for the year ended 31 December 2023 which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes 1 to 28, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period to 30 June 2025.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Independent auditor's report to the members of Sonnedix UK Services Limited (continued)

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors
As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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 directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities 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 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 ISAs (UK) 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework, data protection laws, and the relevant UK tax compliance regulations.

Independent auditor's report to the members of Sonnedix UK Services Limited (continued)

- We understood how the company is complying with those frameworks and Sonnedix Group policies by making inquiries of those charged with governance, management, and those responsible for legal and compliance procedures. We corroborated our inquiries through the review of the following:
  - the minutes of Board meetings of the company held during the year;
  - Sonnedix Group's code of conduct setting out the key principles and requirements for all staff in relation to compliance with laws and regulations;
  - any relevant correspondence from tax authorities; and
  - any relevant correspondence received from regulatory bodies.

- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management and those charged with governance to understand where it considered there was susceptibility to fraud and reviewing documentation of the group's policies and procedures. We also performed risk assessment analytical procedures and identified sources and types of journal entries in the company's financial processes. As a result, we identified fraud risks relating to inappropriate revenues recharged to companies within the Sonnedix Group through management override of controls.

- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved inquiries with company management and personnel, inquiries of those charged with governance and testing of journal entries, with a focus on journals indicating large or unusual transactions or meeting our defined risk criteria.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report
This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Khilan Shah (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
26 June 2024

SONNEDIX UK SERVICES LIMITED

Statement of Comprehensive Income for the year ended 31 December 2023

	Note	2023 £	2022 £
Revenue from contracts with customers	6	**33,928,788**	29,019,785
Cost of sales		**(19,704,300)**	(16,820,951)
Gross profit		**14,224,488**	12,198,834
Administrative expenses		**(22,383,994)**	(18,029,959)
Operating loss		**(8,159,506)**	(5,831,125)
Dividend income		**—**	15,970,098
Finance income	11	**66,495,642**	43,866,962
Finance expense	12	**(63,957,689)**	(44,610,431)
Foreign exchange (losses) / gains		**(2,625,574)**	(2,544,042)
Net finance income		**(87,621)**	12,682,587
(Loss) / profit before tax	7	**(8,247,127)**	6,851,462
Tax income	13	**2,499,430**	1,434,814
(Loss) / profit after tax		**(5,747,697)**	8,286,276
Other comprehensive income		**—**	—
Total comprehensive (loss) / income for the year		**(5,747,697)**	8,286,276

All items relate to continuing operations.

SONNEDIX UK SERVICES LIMITED

Statement of Financial Position as at 31 December 2023

	Note	**31 December 2023** £	31 December 2022 £
Non-current assets			
Investments	14	**806,572,291**	676,770,334
Loans receivable	15	**1,006,047,551**	864,657,970
Intangible assets	16	**27,002**	73,291
Property, plant and equipment	17	**6,421,380**	6,510,269
Deferred tax asset		**4,013,097**	1,383,306
Other non-current assets		**167,646**	167,646
		1,823,248,967	1,549,562,816
Current assets			
Trade and other receivables	18	**84,069,807**	109,519,292
Cash and cash equivalents		**70,774,963**	1,000,358
		154,844,770	110,519,650
TOTAL ASSETS		**1,978,093,737**	1,660,082,466
Current liabilities			
Trade and other payables	19	**(45,660,969)**	(30,645,075)
Loans payable	20	**—**	(57,896,067)
Lease liabilities	21	**(635,219)**	(387,650)
		(46,296,188)	(88,928,792)
Non-current liabilities			
Loans payable	20	**(1,098,862,883)**	(886,056,414)
Lease liabilities	21	**(5,761,723)**	(6,470,882)
Provision		**—**	(4,858,011)
Deferred tax liability		**(190,229)**	(59,867)
		(1,104,814,835)	(897,445,174)
TOTAL LIABILITIES		**(1,151,111,023)**	(986,373,966)
NET ASSETS		**826,982,714**	673,708,500
Equity			
Called up share capital	22	**119**	116
Share premium	23	**819,751,355**	660,729,447
Profit and loss account	23	**7,231,240**	12,978,937
TOTAL EQUITY		**826,982,714**	673,708,500

The accompanying notes on pages 14 to 34 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 25 June 2024 and signed on behalf of the Board by:

David Bateman
Director

Statement of Changes in Equity for the year ended 31 December 2023

	Share capital	Share premium	Profit and loss	**Total equity**
	£	£	£	**£**
Balance at 1 January 2022	114	450,753,994	4,692,661	455,446,769
Comprehensive income:				
- Profit for the year	—	—	8,286,276	8,286,276
Total comprehensive income	—	—	**8,286,276**	**8,286,276**
Transactions with owners				
- Conversion of loan to equity (Note 22)	2	209,975,453	—	209,975,455
Balance at 31 December 2022	**116**	**660,729,447**	**12,978,937**	**673,708,500**
Comprehensive income:				
- Loss for the year	—	—	(5,747,697)	(5,747,697)
Total comprehensive loss	—	—	**(5,747,697)**	**(5,747,697)**
Transactions with owners				
- Conversion of loan to equity (Note 22)	3	159,021,908	—	159,021,911
Balance at 31 December 2023	**119**	**819,751,355**	**7,231,240**	**826,982,714**

Notes to the financial statements

1 General information

Sonnedix UK Services Limited (the "Company") is a private company, limited by shares, incorporated in England & Wales. The address of the Company's registered office is 90 Union Street, London, SE1 0NW.

The Company provides corporate, technical, financial and administrative services to its parent company and fellow subsidiaries (together the "Group"). The Company is also an intermediate holding company for the Group's investments in Europe and Chile

2 Material accounting policies

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

a) Basis of preparation

These financial statements have been prepared in accordance with UK GAAP, including Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The financial statements have been prepared on a historical cost and on a going concern basis. The use of this basis of accounting takes into consideration the Company's current and forecast cash position (see Note 4).

The financial statements have been prepared in Pounds Sterling (£).

b) Exemption from preparing consolidated accounts

These financial statements contain information about the Company as an individual company and do not contain consolidated financial information as the parent of a group.

The Company is exempt, under section 401 of the Companies Act 2006, from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent company Sonnedix Power Holdings Limited, a company incorporated in Bermuda. The address of Sonnedix Power Holdings Limited's registered office is Victoria Place, 1st Floor, 31 Victoria Street, Hamilton, HM 10, Bermuda.

c) Summary of disclosure exemptions

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- the requirements of paragraphs 10(d), 16, 111 and 134 to 136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures; and
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

In relation to the following exemptions equivalent disclosures have been given in the consolidated financial statements of Sonnedix Power Holdings Limited:

- The requirements of IFRS 7 Financial Instruments: Disclosures; and
- The requirements of paragraph 58 of IFRS 16.

Notes to the financial statements (continued)

d) Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided, net of VAT.

e) Foreign currency

The functional and presentational currency of the Company is Pounds Sterling (£) and accordingly foreign currency transactions are translated at the spot rate of exchange on the day the transaction occurs.

Financial assets and liabilities denominated in currencies other than Pounds are translated into Pounds at exchange rates prevailing at the end of the reporting period. Non-monetary assets and liabilities are stated at cost based on the exchange rate prevailing at the transaction date. All exchange differences are included in profit and loss.

f) Taxation

Current tax

Income tax expense for the year is calculated by applying the corresponding tax rate to taxable profit for the year less any applicable rebates and tax credits, taking into account changes during the year in recognised deferred tax assets and liabilities. The corresponding tax expense is recognised in profit and loss, except when it relates to transactions recognised directly in equity, in which case the corresponding tax expense is likewise recognised in equity.

Deferred tax

Deferred tax is recognised using the liability method on all temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts. The tax base of an asset or liability is the amount attributed to it for tax purposes. Deferred tax liabilities are recognised for all temporary differences.

The Company recognises deferred tax assets for all deductible temporary differences, unused tax credits and unused tax losses carried forward, to the extent that it is probable that future taxable profit will be available against which these assets may be utilised.

Deferred tax assets and liabilities are measured at the tax rate expected to apply to the period in which they reverse, as required by enacted tax laws and in the manner in which it reasonably expects to recover the asset's carrying value or settle the liability.

Deferred tax assets and liabilities are not discounted and are classified as non-current assets or non-current liabilities, respectively.

g) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of software is charged on a straight-line basis over the estimated useful life of 5 years

h) Property, plant and equipment

Items of property, plant and equipment are initially measured at cost. Following initial measurement, they are stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is charged on a straight-line basis over the estimated useful life of the asset, as follows:

- Leased offices: over the term of the lease
- Fixtures & fittings: over the term of the lease (up to 5 years)
- Office equipment: 3 years

i) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Notes to the financial statements (continued)

Financial assets are initially measured at fair value plus transaction costs. Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are subsequently measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Foreign exchange gains and losses and impairment losses are presented as a separate line item in profit or loss.

Financial assets are derecognised when the rights to receive cashflows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Trade receivables
Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

Loans, deposits and other receivables
Loans, deposits and other receivables that have fixed or determinable payments that are not quoted in an active market are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Cash and cash equivalents
Cash includes cash on hand and cash with banks. Cash equivalents are short-term, highly-liquid investments that are readily convertible to known amounts of cash with three months or less remaining to maturity from the date of acquisition and that are subject to an insignificant risk of change in value.

Impairment of financial assets
The Company assesses on a forward-looking basis, the expected credit losses ("ECL") associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The measurement of ECL reflects an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and all reasonable and supportable information that is readily available at the end of each reporting period about past events, current conditions and forecasts of future conditions.

For trade receivables the Company applies a simplified approach outlined in IFRS 9 and measures the allowance for impairment losses at expected lifetime credit losses from initial recognition of the receivables. Based on historic data regarding the recoverability of the Company's trade receivables, there is no expected impairment of receivables.

Trade and other payables
Trade payables are initially measured at fair value and are subsequently measured at amortised cost using the effective interest method; this method allocates the interest expense over the relevant period by applying the effective interest rate to the carrying amount of the liability.

j) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Where the Company is a lessee it applies a single recognition and measurement approach for all leases. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Notes to the financial statements (continued)

Right-of-use assets
The Company recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date, less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

Lease liabilities
At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term or a change in the lease payments.

k) Share-based payments
Certain members of senior management receive remuneration in the form of share-based payments. They are issued LTIP Units that are cash settled. At each reporting date, the fair value of units is estimated taking into account the vesting conditions and other relevant terms and conditions. The expense in relation to the estimated fair value of the units is proportionately allocated to the service period. The proportional share of the service period expense and any changes in the value of the units is recognised in profit or loss for the period.

l) Investments in subsidiaries
Investments in subsidiaries are held at cost less accumulated impairment losses.

3 Adoption of new and revised standards

The following new standards and amendments became effective as of January 1, 2023 and where applicable have been applied by the Company for the first time in 2023:

- Disclosure of Accounting policies – Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2.
- Definition of Accounting Estimates – Amendments to IAS 8.
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12.
- International Tax Reform – Pillar Two Model Rules - Amendments to IAS 12.

Disclosure of Accounting policies – Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2
Amendments to IAS 1 replaces the requirement to disclose all significant accounting policies with all material accounting policies. The Company has reviewed its accounting policies and considers them all to be material therefore the amendment has had no impact on the financial statements.

Definition of Accounting Estimates – Amendments to IAS 8
Amendments to IAS 8 introduces a new definition of 'accounting estimates'. The amendments are designed to clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors.

This amendment had no impact on the financial statements of the Company as there were no changes in accounting estimates that resulted from the correction of prior period errors.

Notes to the financial statements (continued)

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12
Amendments to IAS 12 narrows the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal taxable and deductible temporary differences. As a result, the Company recognises a deferred tax asset and deferred tax liability for temporary differences arising on the initial recognition of a lease. The amendments apply prospectively to transactions that occur on or after the beginning of the earliest comparative period presented.

The Company offsets deferred tax assets and liabilities where there is a legally enforceable right to set off current tax assets against current liabilities and the deferred tax assets and liabilities concerned relate to income taxes raised by the same taxation authority. Any deferred tax assets and liabilities recognised as a result of the amendments to IAS 12 have been also offset and therefore the amendment has had no impact on the financial statements of the Company.

International Tax Reform – Pillar Two Model Rules - Amendments to IAS 12
The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The amendments had no impact on the Company's financial statements.

IFRSs not yet effective
The following IFRSs have been issued but have not been applied by the company in these financial statements as they are effective for years beginning on or after January 1, 2024 or have not yet been endorsed by the United Kingdom.

Standard	Applicable for accounting periods beginning on or after:
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2024
IFRS 18 Presentation and Disclosure in Financial Statements	January 1, 2027

Amendments to IAS 1 clarifies the requirements for classifying liabilities as current or non-current. The presentation of the Company's liabilities will be reviewed for compliance with this amendment.

IFRS 18 will replace IAS 1 Presentation of Financial Statements and it will introduce three key new requirements on the presentation and disclosures in the financial statements, with a focus on the income statement and reporting of financial performance. The presentation of the Company's financial statements will be reviewed for compliance with this amendment.

The adoption of these standards is not expected to have a significant impact on the Company's financial statements.

The Company will adopt the above standards or amendments in the year in which they become effective and/or endorsed by the United Kingdom, whichever is later.

Notes to the financial statements (continued)

4 Going concern

The Company's activities as an intermediate holding company and service company for the Group mean that its ability to operate as a going concern is dependent on the Group's ability to operate as a going concern.

The global macroeconomic environment has remained volatile with the Group being most significantly impacted by fluctuations in energy prices and interest rates.

In 2023, 82% of Group revenues come from fixed rate tariffs and therefore the impact of energy price volatility is limited to a small portion of the Group's operational cash flows. In addition, the Group has a policy of hedging or fixing at least 70% of the loans in each currency to reduce the interest rate exposure.

The Company has prepared cash flow forecasts for the period to 30 June 2025. Management has prepared stressed scenarios with delays in service fee collections, which will still provide a positive cash position through the going concern period. Management has also prepared a reverse stress test, which is considered to be implausible. In addition, management could take mitigating actions within their control which would result in a positive cash position throughout the going concern period. Therefore, the Directors have concluded it appropriate to adopt the going concern basis in preparing the financial statements.

5 Key accounting judgements and sources of estimation uncertainty

The Directors have prepared the financial statements using estimates based on historical experience and other factors considered reasonable under the circumstances. The carrying amount of assets and liabilities, where not readily apparent from other sources, was established on the basis of these estimates. The Company periodically reviews these estimates. However, given the inherent uncertainty, the need may arise to make significant adjustments to the carrying amounts of assets and liabilities affected in future periods should changes occur in the hypotheses or circumstances on which the resulting values were based.

The key assumptions regarding the future, in addition to other relevant information regarding uncertainty estimation at the reporting date, which represent a considerable risk that the carrying amounts of assets and liabilities may require significant adjustments in the following financial year, are as follows:

Impairment of investments
When preparing the financial statements, the Directors must assess whether there are any indicators of impairment of investments, judgement must be made in order to assess if there are any impairment indicators. As part of their assessment as to whether there are indicators of impairment, the Directors estimate the expected cash flows from investments, applying an appropriate discount rate to calculate the present value of these cash flows. Based on the estimates applied, management has not identified any impairment triggers.

Notes to the financial statements (continued)

6 Revenue from contracts with customers

The Company's revenue relates to the provision of corporate, technical, financial and administrative services to Group companies based in the following regions:

	2023 £	2022 £
Bermuda	**13,863,587**	13,812,505
Spain	**5,774,450**	3,194,128
Italy	**3,746,889**	2,272,430
Chile	**3,346,391**	3,296,937
United Kingdom	**2,178,940**	922,052
France	**2,155,248**	1,740,020
Japan	**1,336,314**	1,276,848
Poland	**888,652**	1,813,561
Germany	**506,105**	487,787
Portugal	**87,891**	—
Netherlands	**44,321**	47,905
Puerto Rico / USA	**—**	155,612
	33,928,788	29,019,785

7 (Loss) / profit before tax

The result before tax is stated after charging / (crediting) the following:

	Note	2023 £	2022 £
Depreciation of owned assets	17	**226,625**	123,770
Depreciation of leased assets	17	**638,457**	434,672
Amortisation of intangible assets	16	**46,289**	46,288
Foreign exchange differences		**2,625,574**	2,544,042
Auditor's remuneration		**59,990**	69,900
Fees payable to the company's auditor and its associates for other non-audit services		**52,721**	—

8 Directors' remuneration

	Note	2023 £	2022 £
Directors' remuneration		**936,920**	929,582
Long-term incentive programme	10	**804,294**	941,251
Pension costs		**36,965**	35,677
		1,778,179	1,906,510

All directors were paid by the Company in 2023 (2022: all). Directors' emoluments disclosed above include the emoluments of the highest paid Director of £954,397 (2022: £1,147,164). See Note 10 for further information about the long-term incentive programme.

Notes to the financial statements (continued)

9 Employees

	Note	2023 £	2022 £
Wages and salaries		**10,846,976**	8,248,734
Long-term incentive programme	10	**2,627,190**	4,268,902
Social security costs		**1,507,340**	1,650,307
Pension costs		**426,938**	328,320
Other staff benefits		**131,133**	75,289
		15,539,577	14,571,552

Average number of employees during the period (including Directors)	**79**	64

10 Long-term incentive programme

Certain employees of the Company are participating in a long-term incentive programme ("LTIP") run by the Company's ultimate shareholder, Sonnedix Power Holdings Ltd.

Each participant of the scheme is issued LTIP Units which have a two-year vesting period. The pay-out relating to each LTIP Unit is linked to the increase in the fair value (net asset value) of the Group, taken from the value at the beginning of the vesting period to the value at the end of the vesting period for each class of Units. The vesting period for the Class E shares and units began on 1 January 2022.

The LTIP charge included in the income statement (see Note 9) for 2023 is £2,627,190 (2022: £4,268,902).

The Class E shares vested on 31 December 2023 for a final amount of £6,916,298 which will be paid in 2024.

The pay-out relating to each LTIP Unit is linked to the increase in the fair value (net asset value) of the Group, taken from the value at the beginning of the vesting period of each class of LTIP Unit to the value at the end of the vesting period.

LTIP participants are not entitled to dividends or equity in the Group. The LTIP is classified as a graded vesting cash-settled share-based payment programme in the accounts of Sonnedix Power Holdings Ltd.

The fair value of the liability for the LTIP is recognised over the period from grant date to settlement and is remeasured at each reporting date.

11 Finance income

	2023 £	2022 £
Interest receivable on loans to Group companies	**66,169,987**	43,866,962
Bank interest	**322,543**	—
Other finance income	**3,112**	—
	66,495,642	43,866,962

Notes to the financial statements (continued)

12 Finance expense

	2023 £	2022 £
Interest payable on shareholder loans	**63,285,298**	9,000,547
Interest payable on loan from subsidiary	**349,391**	1,366,943
Lease interest	**264,178**	90,639
Other finance costs	**58,822**	11,387
Interest payable on loan notes	**—**	34,140,915
	63,957,689	44,610,431

The interest payable on loan notes were from Eurobonds and were listed on The International Stock Exchange in Guernsey.

13 Tax

	2023 £	2022 £
Current tax:		
UK corporation tax	—	—
Adjustment in respect of prior periods	—	(45,549)
Total current tax	—	(45,549)
Deferred tax		
Origination and reversal of timing differences	**(2,499,430)**	(1,389,264)
Total deferred tax	**(2,499,430)**	(1,389,264)
Tax charge / (credit) on profit on ordinary activities	**(2,499,430)**	(1,434,813)

Tax assessed for the year is lower than (2022: lower than) the standard rate of corporation tax in the UK for the year ended 31 December 2023 of 25% (2022: 19.00%). The differences are explained below:

	2023 £	2022 £
(Loss) / profit on ordinary activities before tax	**(8,247,127)**	6,851,462
(Loss) / profit multiplied by the standard rate of tax in the UK	**(2,061,782)**	1,301,778
Effects of:		
- (Income) / expenses not deductible for tax purposes	**(437,648)**	(3,024,844)
- Group relief	—	667,225
- Difference between current tax and deferred tax rate	—	(333,423)
- Adjustment in respect of prior periods	—	(45,549)
	(2,499,430)	(1,434,813)

Notes to the financial statements (continued)

14 Investments

	£
At 1 January 2023	676,770,334
Additions	129,801,957
At 31 December 2023	**806,572,291**

Investments comprise equity shares in the following companies:

Company name	Registered address	Country of Incorporation	2023	2022
Sonnedix Solar Solutions BV	Muiderstraat 9C, 1011 PZ, Amsterdam	Netherlands	**100%**	100%
Sonnedix Cash Management Services Ltd	90 Union Street, London, SE1 0NW	UK	**100%**	100%
Sonnedix Finance Ltd	90 Union Street, London, SE1 0NW	UK	**100%**	100%

Additions consist of conversion of loan to equity in Sonnedix Solar Solutions BV.

A complete list of all indirect subsidiaries is included in Note 28.

15 Loans receivable

	2023 £	2022 £
Loans receivable from Group companies:		
- Euro loan	**570,572,870**	484,115,177
- US dollar loan	**365,878,825**	336,423,569
- GBP loan	**58,518,817**	41,699,689
- Polish zloty loan	**11,077,039**	2,419,535
	1,006,047,551	864,657,970

All loans are receivable from Sonnedix Solar Solutions BV. Loans receivable have increased as the Sonnedix Group has grown its European and Chilean operations.

Notes to the financial statements (continued)

16 Intangible assets

	Software £
Cost	
At 31 December 2022	231,443
At 31 December 2023	**231,443**
Depreciation	
At 31 December 2022	(158,152)
Charge for the year	(46,289)
At 31 December 2023	**(204,441)**
Net book value	
At 31 December 2023	**27,002**
At 31 December 2022	73,291

17 Property, plant and equipment

	Right of use assets - Leased offices £	Fixtures and fittings £	Office equipment £	Total £
Cost				
At 31 December 2022	7,948,857	628,076	310,894	8,887,827
Additions	—	594,083	182,110	776,193
At 31 December 2023	**7,948,857**	**1,222,159**	**493,004**	**9,664,020**
Depreciation				
At 31 December 2022	(1,643,966)	(536,564)	(197,028)	(2,377,558)
Charge for the year	(638,457)	(147,230)	(79,395)	(865,082)
At 31 December 2023	**(2,282,423)**	**(683,794)**	**(276,423)**	**(3,242,640)**
Net book value				
At 31 December 2023	**5,666,434**	**538,365**	**216,581**	**6,421,380**
At 31 December 2022	6,304,891	91,512	113,866	6,510,269

18 Trade and other receivables

	2023 £	2022 £
Advances to Group companies	**44,866,525**	94,035,010
Trade receivables	**14,431,848**	9,927,638
Interest receivable from Group companies	**23,046,222**	4,127,755
Prepayments	**795,204**	586,819
Advances to suppliers	**746,976**	—
VAT receivable	**178,043**	400,567
Other receivables	**4,989**	49
Accrued income	—	410,121
Corporation tax	—	31,333
	84,069,807	109,519,292

All trade receivables relate to Group companies.

Notes to the financial statements (continued)

19 Trade and other payables

	2023 £	2022 £
Interest payable to Group companies	**27,397,720**	9,054,985
Staff costs payable	**9,380,361**	2,532,668
Accruals	**6,937,135**	4,285,122
Taxation and social security	**1,291,263**	298,637
Amounts payable to Group companies	**461,204**	10,595,293
Trade creditors	**193,286**	3,878,370
	45,660,969	30,645,075

20 Loans payable

	2023 £	2022 £
Loan payable to Group companies:		
- Euro loan	**663,388,202**	556,248,833
- US dollar loan	**365,878,825**	345,521,608
- GBP loan	**58,518,817**	41,699,688
- Polish zloty loan	**11,077,039**	482,352
	1,098,862,883	943,952,481
Due within 1 year	**—**	57,896,067
Due after 1 year	**1,098,862,883**	886,056,414
	1,098,862,883	943,952,481

Loans payable to Group companies are Revolving Credit Facilities ("RCFs") with the following maturities.

Currency	**Total facility**	**Maturity**
Euro	EUR 3,000,000,000	31 December 2050
US dollar	USD 2,000,000,000	31 December 2050
GBP	GBP 1,000,000,000	31 December 2050
Polish zloty	PLN 5,000,000,000	31 December 2050

Interest payable on each RCF is variable based on the interest receivable on the corresponding loan receivable plus a margin.

Notes to the financial statements (continued)

21 Lease liabilities

The Company has lease contracts for offices expiring in 2032 (2022: expiring in 2032). The Company's obligations under its leases are secured by the lessor's title to the leased office. The incremental borrowing rate of leases is 4% (2022: 4%).

The carrying amounts of leased offices are set out in Note 17.

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	2023	2022
	£	£
Due within one year	**635,219**	387,650
Due after one year	**5,761,723**	6,470,882
	6,396,942	6,858,532

	2023	2022
	£	£
At January 1	**6,858,532**	2,257,706
Additions	—	4,576,590
Accretion of interest	**264,178**	90,639
Payments	**(725,768)**	(66,403)
At 31 December	**6,396,942**	6,858,532

The following amounts have been recognised in profit or loss:

	2023	2022
	£	£
Depreciation expense of right of use assets	**638,457**	434,672
Interest expense on lease liabilities	**264,178**	90,639
	902,635	525,311

Notes to the financial statements (continued)

22 Called up share capital

	2023	2022
	£	£
Ordinary shares of £1 each		
Allotted and fully paid		
At 1 January	**116**	114
Issued during year	**3**	2
At 31 December	**119**	116

On 31 March 2023 the Company converted €39,000,000 of its EUR loan, equivalent to £34,398,741, to equity, issuing one share.

On 1 October 2023 the Company converted €90,000,000 of its EUR loan, equivalent to £78,003,120, to equity, issuing one share.

On 18 October 2023 the Company converted $56,598,336 of its USD loan, equivalent to £46,620,050, to equity, issuing one share.

23 Reserves

Share premium
Share premium represents amounts received in excess of nominal value for shares issued in the Company.

Profit and loss account
Profit and loss account represents the cumulative profits and losses of the Company, less any dividends paid.

24 Ultimate and immediate parent undertaking

The immediate parent undertaking is Sonnedix Solar Holdings Limited. Its registered office is Victoria Place, 1st Floor, 31 Victoria Street, Hamilton HM 10, Bermuda.

The ultimate parent undertaking and largest group to consolidate these financial statements is Sonnedix Power Holdings Limited, incorporated without reserve liability under the laws of Bermuda. Its registered office is Victoria Place, 1st Floor, 31 Victoria Street, Hamilton HM 10, Bermuda. Consolidated financial statements are available on request.

25 Risks and uncertainties

The Company has exposure to the following risks:

a) Credit risk
Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company operates as a service provider to companies within the same group and the ability of individual counterparties to settle debts is dependent on the credit of the ultimate parent undertaking. The Directors consider this risk to be low.

b) Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has intercompany debts repaid with proceeds from intercompany loan receivable and therefore the risk is based on current working capital. During 2023 the Company became the liquidity centre for the Sonnedix Group and therefore carries a significant cash balance.

c) Foreign currency risk
The Company undertakes transactions in foreign currencies and is consequently exposed to fluctuations in the exchange rates. The Company is mainly exposed to fluctuations in the US dollar and the euro.

26 Commitments and contingencies

At 31 December 2023 the company has provided the following parent company guarantees on behalf of its subsidiaries:

- Up to £214,627,167 in relation to financing agreements of which £69,352,000 has corresponding guarantees issued to the Company from its immediate parent company Sonnedix Solar Holdings Limited
- Up to £3,692,384 in relation to power purchase agreements
- Up to £23,348,488 in relation to procurement contracts

At 31 December 2023 the company has provided an equity commitment letter of up to £19,071,800 in relation to financing agreement.

At 31 December 2023 the company has provided a guarantee of up to £2,887,855 in respect of lease obligations of Sonnedix USA Services LLC, a company under common control

27 Events after the reporting date

The Company issued the following additional parent company guarantees on behalf of its subsidiaries:

- On 25 January 2024, jointly with its immediate parent company Sonnedix Solar Holdings Limited, up to £39,010,500 in relation to financing agreement.
- On 22 March 2024, up to £12,223,290 in relation to financing agreement.
- On 09 May 2024, up to £554,807 in relation to procurement contracts.
- On 10 May 2024, up to £1,418,543 in relation to procurement contracts.

On 26 April 2024 the company cancelled £69,352,000 of parent company guarantees in relation to financing agreements.

SONNEDIX UK SERVICES LIMITED

Notes to the financial statements (continued)

28 List of subsidiaries

The following pages provide a list of all direct and indirect subsidiaries of the Company, their country of incorporation and percentage ownership.

Company name	2023	2022
Netherlands		
Sonnedix Solar Solutions BV	100%	100%
Sonnedix BV	100%	100%
Sonnedix Africa BV	—	100%
Sonnedix Germany BV	100%	100%
Sonnedix Solar Spanish Holdings 2 BV	86.58%	86.58%
Sonnedix Power I BV	86.58%	86.58%
Sonnedix Power II BV	86.58%	86.58%
Sonnedix Holdco Spain BV	86.635%	86.635%
Sonnedix Solen BV	54.65%	54.65%
UK		
Sonnedix UK Holdings Ltd	100%	100%
Sonnedix Cash Management Services Ltd	100%	100%
Grove Farm Solar Farm Ltd	100%	100%
Sonnedix Finance Ltd	100%	100%
Sonnedix Bengrove Ltd	70%	70%
Hamilton Solar Ltd	70%	70%
Sonnedix Cowley Ltd	100%	100%
Sonnedix Fritts Ltd	65%	65%
Sonnedix Gammaton Ltd	100%	100%
Sonnedix Gonerby Ltd	100%	100%
Sonnedix Middlefield Ltd	100%	100%
Sonnedix Weston Ltd	100%	100%
Sonnedix Winkburn Ltd	100%	100%
Sonnedix Lawns Ltd	100%	—
Sonnedix Pearson Ltd	100%	—
Sonnedix UK Ponte Ltd	100%	—
France		
Sonnedix France SAS	100%	100%
Sonnedix Pleurtuit SAS	100%	100%
Sonnedix Alpha SAS	100%	100%
Sonnedix Provence SAS	100%	100%
Centrale Photovoltaïque de Romilly Sur Seine SAS	100%	100%
Helium Installations Solaires de l'Aude 1 SAS	51.08%	51.08%
Sonnedix Rosières SAS	100%	100%
Sonnedix Sulauze SAS	100%	100%
Sonnedix France Services and Investment SAS	100%	100%
Sonnedix France II SAS	100%	100%
Sonnedix Solaire SAS	100%	100%
Elecsol Provence Sarl	100%	100%
Solaire Uglas SAS	100%	100%
Meridian Solaire II SAS	100%	100%
Quincieux Production SAS	100%	100%
Soleol I SAS	100%	100%
Soleol II SAS	100%	100%
Soleol IV SAS	100%	100%
Lavansol I SAS	100%	100%
Lavansol III SAS	100%	100%
Lavansol IV SAS	100%	100%
Lavansol V SAS	100%	100%
Lavansol VI SAS	100%	100%
Lavansol M1 SAS	100%	100%
Lavansol M17 SAS	100%	100%
Sonnedix France Operations SAS	100%	100%
Lavansol M18 SAS	100%	100%
Lavansol M8 SAS	100%	100%
Lavansol M9 SAS	100%	100%
Lavansol M14 SAS	95%	95%
Lavansol M19 SAS	100%	100%
Lavansol M21 SAS	100%	100%
Provensol I SAS	100%	100%
Sonnedix France VI SAS	100%	100%
Ferrasol Sarl	100%	100%
Chateau Solar I Sarl	100%	100%
Chateau Solar II Sarl	100%	100%
Chateau Solar IV Sarl	100%	100%
Lavansol P SAS	100%	100%
Durancialis I Sarl	100%	100%
Durancialis II Sarl	100%	100%
Sonnedix France Services SAS	100%	100%
Lavansol M13 SAS	100%	100%
Camargue I Sarl	100%	100%
Corsolar 1 SAS	100%	100%
Corsolar 2 SAS	100%	100%
Corsolar 3 SAS	100%	100%
Corsolar 5 SAS	100%	100%
Corsolar 6 SAS	100%	100%
Delta Solar SAS	100%	100%
Aloe Energy SAS	100%	100%
Sonnedix Aloe Holdings SAS	100%	100%
Vallouxsol SAS	100%	100%
Agromanduel 1 SAS	100%	100%
Agromanduel 2 SAS	100%	100%
Agrosolar SAS	100%	100%
Lorsolar I SAS	100%	100%
Sonnedix France V SAS	100%	100%
Sonnedix France IV SAS	100%	100%
Corsolar SAS	100%	100%
Sonnedix Invest France SAS	100%	100%
CPES Les Lacs Medocains de la Redoune Sarl	100%	100%

Notes to the financial statements (continued)

CPES Les Lacs Medocains Du Bourg D'Hourtin Sarl	100%	100%
CPES Les Lacs Medocains du Gartiou Sarl	100%	100%
Sunergos SAS	100%	100%
Sonnedix Julia SAS	100%	100%
Sonnedix Maubeuge SAS	100%	100%
Sonnedix Flins SAS	100%	100%
Sonnedix Douai SAS	100%	100%
Sonnedix Sandouville SAS	100%	100%
Sonnedix Batilly SAS	100%	100%
Aude Holding SAS	51.07%	51.07%
Chateau Solar VI SAS	100%	100%
Lavansol M12 Sarl	100%	100%
Lavansol M16 Sarl	100%	100%
Tout le Soleil d'Auriac sur Dropt SAS	100%	100%
Sonnedix France VII SAS	100%	100%
Sonnedix France VIII SAS	100%	100%
La Lauzette SAS	100%	—
Les Auboures SAS	100%	—
Sonnedix Couëron SAS	100%	—
Sonnedix Les Vignasses SAS	100%	—
Sonnedix Pardaillan SAS	100%	—
Sonnedix Tournefeuille SAS	100%	—
Sonnedix Voreppe SAS	100%	—
Italy		
Sonnedix Italia Srl	100%	100%
Sonnedix San Giorgio Srl	67.053%	67.053%
Sonnedix Italia Servizi Srl	100%	100%
Sonnenergia Srl	67.053%	67.053%
Sonnedix San Davide Srl	100%	100%
PV1 Srl	67.053%	67.053%
Sonnedix San Raffaele Srl	67.053%	67.053%
Sonnedix Italia Operation Srl	100%	100%
Sonnedix Earth SAS	100%	100%
Sonnedix Sant'Omobono Srl	100%	100%
Sonnedix Santa Barbara Srl	100%	100%
Sonnedix Santa Chiara Srl	100%	100%
Sonnedix Santa Caterina Srl	100%	100%
Green Seven Srl	67.053%	67.053%
Sonnedix San Francesco Srl	100%	100%
Sonnedix San Paolo Srl	100%	100%
PV Campiglia Srl	100%	100%
Montecarbone PV Srl	100%	100%
Sonnedix Sant'Elena Srl	100%	100%
Sonnedix Santa Marta Srl	100%	100%
Sonnedix Santa Rita Srl	100%	100%
PV Ichnosolar Srl	100%	100%
Fortunata Solar Srl	60%	60%
GGP Solar 2 Srl	60%	60%
Sonnedix San Gabriele Srl	100%	100%
Sonnedix San Michele Srl	100%	100%
Sonnedix Artemisia Srl	100%	100%
BhnDue Srl	—	100%
Carmiano Cinque Srl	—	100%
Carmiano Due Srl	—	100%
PVStrom Solar Lecce Srl	—	100%
Set Energia Srl	—	100%
Sunvis Srl	—	100%
Sonnedix Italia Ponte Srl (formerly known as Sonnedix Sant'Anna Srl)	100%	100%
A3FV Santhià Solar Srl	100%	100%
AMS 3.0 Srl	100%	100%
Aton 23 Srl	100%	100%
Bagnolo Green Power Srl	60%	60%
Carratois Srl	60%	60%
Cherry Picking Srl	60%	60%
Dev Solar 1 Srl	60%	60%
IPC Sicilia Srl	100%	100%
Karalis Solar Farm Srl	100%	100%
Megara Solar Srl	60%	60%
Nereidi Srl	60%	60%
New Solar 1 Srl	100%	100%
Nina Solar Srl	60%	60%
Sandalia Solar Farm Srl	100%	100%
Sonnedix San Felice Srl	100%	100%
Baldo Srl	60%	—
Cesine Srl	60%	—
CML Srl	60%	—
New Solar 3 Srl	100%	—
Oleandro Srl	60%	—
RC1 Srl	60%	—
Sol PV 2 Srl	100%	—
Sonnedix Leonardo Srl	100%	—
Spain		
Sonnedix España SLU	100%	100%
Sonnedix Latam Holdings SLU	100%	100%
Sonnedix España Management SLU	100%	100%
New VE Holdco SLU	100%	100%
Sonnedix España Services SLU	100%	100%
Sonnedix España SPV XV SLU	86.58%	86.58%
Sonnedix España Solar Power I BV SLU	86.58%	86.58%
Sonnedix España Solar Finance SLU	86.58%	86.58%
Sonnedix España Solar Alcudia SLU	86.58%	86.58%
Sonnedix España Solar Solarfin SLU	86.58%	86.58%
Sonnedix España Solar Acula SLU	86.58%	86.58%
Sonnedix España Solar Pedro Martinez SLU	86.58%	86.58%

SONNEDIX UK SERVICES LIMITED

Notes to the financial statements (continued)

Sonnedix España Solar Alhama De Granada SLU	86.58%	86.58%
Sonnedix España Solar Isnalloz SLU	86.58%	86.58%
Sonnedix España Solar Villamesias SLU	86.58%	86.58%
Global Atreo SLU	86.58%	86.58%
Bujia Solar SLU	86.58%	86.58%
JB Solar Malagon SLU	86.58%	86.58%
Siluendor Plano SLU	86.58%	86.58%
Unified Group SLU	86.58%	86.58%
Cruanorna SLU	86.58%	86.58%
Gapalencos SLU	86.58%	86.58%
Parque Solar Caudete SLU	86.58%	86.58%
Sonnedix España SPV VIII SLU	86.58%	86.58%
Sonnedix España SPV XIII SLU	86.58%	86.58%
Sonnedix España SPV XIV SLU	86.58%	86.58%
Arroyo Solar SLU	86.58%	86.58%
Sonnedix España SPV XI SLU	86.58%	86.58%
Sonnedix España SPV XII SLU	86.58%	86.58%
Proyectos Integrados Renovables 2 SLU	86.58%	86.58%
Sonnedix España SPV IV SLU	86.58%	86.58%
Vermorazul SLU	86.58%	86.58%
Diversia Solar Proyectos y Explotaciones de Parques Solares SLU	86.58%	86.58%
Sonnedix España SPV IX SLU	86.58%	86.58%
Sonnedix España SPV VI SLU	86.58%	86.58%
Fotovoltaica La Gamonosa SLU	86.58%	86.58%
Conjunto Solar Mejorada SL	42.822%	42.822%
Capur Business SLU	86.58%	86.58%
Acacia Instalaciones Fotovoltaicas SLU	86.58%	86.58%
Villanueva Cosolar SLU	86.58%	86.58%
Sonnedix España SPV XXI SLU	86.58%	86.58%
Sonnedix España SPV V SLU	86.58%	86.58%
Sonnedix España SPV XXII SLU	86.58%	86.58%
Sonnedix España SPV XXIII SLU	86.58%	86.58%
Sonnedix España SPV XXIV SLU	86.58%	86.58%
Sonnedix España SPV XXV SLU	86.58%	86.58%
Sociedad de Explotacion Fotovoltaica Omega SLU	86.58%	86.58%
Sonnedix España Holdings 2 SLU	100%	100%
Sonnedix España Holdings 3 SLU	86.58%	86.58%
Sonnedix España SPV VII SLU	86.58%	86.58%
Sonnedix España SPV XVII SLU	86.58%	86.58%
Sonnedix España SPV XIX SLU	86.58%	86.58%
Sonnedix España SPV XX SLU	86.58%	86.58%
Sonnedix España SPV XXVI SLU	86.58%	86.58%
Impax Solar Toledo 1 SLU	100%	100%
Impax Solar Toledo 2 SLU	100%	100%
Impax Solar Toledo 3 SLU	100%	100%
Impax Solar Toledo 4 SLU	100%	100%
Impax Solar Toledo 5 SLU	100%	100%
Impax Solar Toledo 6 SLU	100%	100%
Impax Solar Toledo 7 SLU	100%	100%
Impax Solar Toledo 8 SLU	100%	100%
Impax Solar Toledo 9 SLU	100%	100%
Impax Solar Toledo 10 SLU	100%	100%
Impax Solar Toledo 11 SLU	100%	100%
Impax Solar Toledo 12 SLU	100%	100%
Impax Solar Toledo 13 SLU	100%	100%
Impax Solar Toledo 14 SLU	100%	100%
Impax Solar Toledo 15 SLU	100%	100%
Impax Solar Toledo 16 SLU	100%	100%
Impax Solar Toledo 17 SLU	100%	100%
Impax Solar Toledo 18 SLU	100%	100%
Impax Solar Toledo 19 SLU	100%	100%
Impax Solar Toledo 20 SLU	100%	100%
Impax Solar Toledo 21 SLU	100%	100%
Impax Solar Toledo 22 SLU	100%	100%
Impax Solar Toledo 23 SLU	100%	100%
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Impax Solar Toledo 28 SLU	100%	100%
Impax Solar Toledo 29 SLU	100%	100%
Impax Solar Toledo 30 SLU	100%	100%
Impax Solar Toledo 31 SLU	100%	100%
Impax Solar Toledo 32 SLU	100%	100%
Impax Solar Toledo 33 SLU	100%	100%
Impax Solar Toledo 34 SLU	100%	100%
Parque Eolico de Cubla SLU	86.58%	86.58%
Sonnedix España Finance 4 SLU	100%	100%
Sonnedix España Solar Energy SLU	100%	100%
Sonnedix España Finance 3 SLU	100%	100%
VE Sonnedix SPV I SLU	–	100%
VE Sonnedix SPV Beta SLU	100%	100%
VE Sonnedix SPV Delta SLU	100%	100%
VE Sonnedix SPV Gamma SLU	100%	100%
Sonnedix España Holdings 4 SLU	100%	100%
Ostirala Inversiones SLU	100%	100%
Sonnedix España Holdings SLU	86.58%	86.58%
Sonnedix España Equityco SLU	86.58%	86.58%
VE Sonnedix Equityco SLU	86.58%	86.58%
Parque Solar Fotovoltaico Olleria SCP	50.223%	50.223%
Sonnedix España Finance 2 SA	86.635%	86.635%
Sonnedix España Holdings 5 SLU	100%	100%
Agrupacion Servicios Comunes Santo Domingo AIE	75%	75%
Sonnedix Energy Phi SA	100%	100%
Sonnedix Energy Tau SA	100%	100%
Sonnedix Iota SLU	100%	100%

SONNEDIX UK SERVICES LIMITED

Notes to the financial statements (continued)

Sonnedix España Finance 5 SLU	100%	100%
Sonnedix Omicron SLU	100%	100%
Llano Soleil 18 SL	56.25%	56.25%
Instalaciones Comunes Arriba SC	88%	88%
Instalaciones Comunes Casas Don Benito SC	80.4%	80.4%
Sonnedix España Ponte (formerly known as Sonnedix Aliaga I SLU)	100%	100%
Sonnedix Aliaga II SLU	100%	100%
Subestacion Torrealvilla SC	83%	83%
Sonnedix España Holdco SLU	100%	100%
Ralos Investment Fotovoltaico Sur SLU	100%	100%
Suniva Power SLU	100%	100%
Suvan Power SLU	100%	100%
Horus Sun SLU	100%	100%
Sonnedix España Desarrollos SLU	100%	100%
Sonnedix España Holdings 8 SLU	100%	100%
Angora ITG SLU	100%	100%
Chocolate ITG SLU	100%	100%
Inver Generacion 2 SLU	100%	100%
Inver Generacion 4 SLU	100%	100%
Inver Generacion 12 SLU	100%	100%
Inver Generacion 15 SLU	100%	100%
Fiordo ITG SLU	—	100%
Parque Solar Paramo SLU	—	100%
Berfest Investments SA	99.936%	99.936%
Bonete Fotovoltaica 1 SLU	100%	100%
Central Solar Termoelectrica Caceres SA	100%	100%
Cuesta Blanca Solar 28 SLU	100%	100%
Cuesta Blanca Solar 29 SLU	100%	100%
Cuesta Blanca Solar 30 SLU	100%	100%
Falabella ITG SLU	99.936%	99.936%
Belisol 132 KV SL	50%	50%
Belona ITG SLU	100%	100%
Caliope ITG SLU	100%	100%
Coroa Directorship SLU	—	100%
Destierraco2 SLU	100%	100%
Fraile Hive SLU	100%	100%
Inver Generacion 10 SLU	100%	100%
Inversiones Colectivas en Energias Renovables I SLU	—	100%
Pripiat Renance SLU	100%	100%
Seret ITG SLU	100%	100%
Siula ITG SLU	100%	100%
Sociedad Fotovoltaica Campo 52 SLU	—	100%
Sociedad Fotovoltaica Comarcal 51 SLU	—	100%
Sociedad Fotovoltaica Loarrense 52 SLU	—	100%
Sociedad Fotovoltaica Tardienta Solar 52 SLU	—	100%
Solar Global Investment Pedrola 1 SLU	—	100%
Sonnedix Vinaceite SLU	—	100%
Triora ITG SLU	100%	100%
Vera ITG SLU	100%	100%
Cuesta Blanca Solar 4 SL	100%	—
Cuesta Blanca Solar 19 SL	100%	—
Cuesta Blanca Solar 20 SL	100%	—
Fotovoltaica de El Pozuelo SAU	100%	—
Fotovoltaica Tarazona CB	100%	—
Iberia Explotaciones Solares SL	100%	—
Parque Fotovoltaico Santamaria AIE	100%	—
Parque Solar Energia Verde Exea CB	100%	—
Presto Energy SLU	100%	—
Sens Guadiana SLU	100%	—
Sens Odiel SLU	100%	—
Seomael Solar Artico SLU	100%	—
Servicios Auxiliares Marchal Solar AIE	80.39%	—
Sirius Solar SAU	100%	—
Solar Green Parks SLU	100%	—
Sonnedix Cadenza SLU	100%	—
Sonnedix Corona SLU	100%	—
Sonnedix Culebra SLU	100%	—
Sonnedix Diana, SLU	100%	—
Sonnedix Escala SLU	100%	—
Sonnedix Moderato SLU	100%	—
Sonnedix Olmedilla II SLU	100%	—
Sonnedix Punteggio SL	100%	—
Sonnedix Sostenuto SLU	100%	—
Sonnedix Storage I SL	100%	—
Tecnica Universal Solar SAU	100%	—
Valsens Solar Andes SLU	100%	—
Poland		
Sonnedix Poland Holdings Sp. z o.o.	100%	100%
PV 1030 Sp. z o.o.	100%	100%
Sonnedix Poland Sp. z o.o.	100%	100%
Violasol Sp. z o.o.	100%	100%
WTL10 Sp. z o.o.	100%	100%
WTL110 Sp. z o.o.	100%	100%
WTL180 Sp. z o.o.	100%	100%
WTL190 Sp. z o.o.	100%	100%
WTL230 Sp. z o.o.	100%	100%
WTL240 Sp. z o.o.	100%	100%
WTL250 Sp. z o.o.	100%	100%
WTL260 Sp. z o.o.	100%	100%
WTL280 Sp. z o.o.	100%	100%
WTL290 Sp. z o.o.	100%	100%
WTL30 Sp. z o.o.	100%	100%
WTL300 Sp. z o.o.	100%	100%

Notes to the financial statements (continued)

WTL310 Sp. z o.o.	100%	100%
WTL320 Sp. z o.o.	100%	100%
WTL330 Sp. z o.o.	100%	100%
WTL340 Sp. z o.o.	100%	100%
WTL350 Sp. z o.o.	100%	100%
WTL360 Sp. z o.o.	100%	100%
WTL370 Sp. z o.o.	100%	100%
WTL380 Sp. z o.o.	100%	100%
WTL390 Sp. z o.o.	100%	100%
WTL400 Sp. z o.o.	100%	100%
WTL410 Sp. z o.o.	100%	100%
WTL420 Sp. z o.o.	100%	100%
WTL430 Sp. z o.o.	100%	100%
WTL440 Sp. z o.o.	100%	100%
WTL450 Sp. z o.o.	100%	100%
WTL70 Sp. z o.o.	100%	100%
WTL90 Sp. z o.o.	100%	100%
Germany		
Sonnedix Germany GmbH	100%	100%
Sonnedix Deutschland Solar GmbH & Co KG	100%	100%
Sonnedix Solar Borna GmbH & Co KG	100%	100%
Sonnedix Solar Hegnenbach GmbH & Co KG	100%	100%
Sonnedix Solarpark Tanger GmbH & Co. KG	100%	100%
Sonnedix Solarpark Tangergrund GmbH & Co. KG	100%	—
Luxembourg		
Sonnedix Luxembourg Holdco 1 SCA	86.58%	86.58%
Sonnedix Luxembourg Holdco 2 Sarl	86.58%	86.58%
Sonnedix Finance SA	86.58%	86.58%
VE Sonnedix Luxembourg Holdco 2 Sarl	86.58%	86.58%
VE Sonnedix Luxembourg Holdco 1 SCA	86.58%	86.58%
VE Sonnedix Finance SA	86.58%	86.58%
Falabella Luxembourg SCA	100%	100%
Portugal		
Solar International, Unipessoal LDA	100%	100%
Blowing Glow, LDA	100%	—
Sonnedix Fado Portugal, LDA	100%	—
Sonnedix Ponte Portugal Holdco 1, Unipessoal LDA	100%	—
Sonnedix Ponte Portugal Holdco 2, Unipessoal LDA	100%	—
Sonnedix Ponte Portugal, LDA	100%	—
Sonnedix Portugal 2, Unipessoal LDA	100%	—

Sonnedix Portugal, Unipessoal LDA	100%	—
Chile		
Sonnedix Chile Holding SpA	100%	100%
Atacama Solar SpA	100%	100%
Tercera Region Solar SpA	100%	100%
SPV P4 SpA	100%	100%
Sonnedix Cox Energy Chile SpA	70%	70%
PFV Donihue SpA	100%	100%
PFV La Molina SpA	100%	100%
Llanos de Potroso SpA	100%	100%
Marquesa Solar SpA	100%	100%
Sonnedix Chile Energy Storage SpA	100%	100%
Nueva Atacama Solar SA	100%	100%
Sonnedix Metro Expansion SpA	100%	100%
Sonnedix La Serena SpA	100%	100%
Sonnedix Malinke SpA	100%	100%
Sonnedix Crucero SpA	100%	100%
Sonnedix Energy Trading Chile SpA	100%	100%
Sonnedix Pelequén Solar SpA	100%	100%
Parque Fotovoltaico Andino Occidente SpA	100%	100%
El Queule SpA	100%	100%
Parronal Energy SpA	100%	100%
Villa Prat Energy SpA	100%	100%
Altos de la Manga Energy SpA	100%	100%
Sonnedix Taranto SpA	100%	100%
Sonnedix PPA Holding SpA	100%	100%
Sonnedix Pica Solar SpA	100%	100%
Sonnedix Tagua Tagua SpA	100%	100%
Sonnedix Tres Cruces SpA	100%	100%
Angamos Solar SpA	100%	100%
Quebrada de Talca Solar SpA	100%	100%
Santa Lucia Solar SpA	100%	100%
Corso Solar SpA	100%	100%
PSF Don Darío SpA	100%	100%
Sonnedix Angela Solar SpA	100%	100%
Sonnedix Chile Admin 1 SpA	100%	100%
Sonnedix Chile Admin 2 SpA	100%	100%
Sonnedix Chile Admin 3 SpA	100%	100%
Sonnedix Chile Holding Development SpA	100%	100%
Sonnedix Chile Holding Operational SpA	100%	100%
Sonnedix Chile Inversiones 1 SpA	100%	100%
Sonnedix Chile Inversiones 2 SpA	100%	100%
Sonnedix Chile Inversiones 3 SpA	100%	100%
Sonnedix Chile Inversiones Asociadas I SpA	100%	100%
Sonnedix Chile Services SpA	100%	100%
Sonnedix Conejo Solar SpA	100%	100%

SONNEDIX UK SERVICES LIMITED

Notes to the financial statements (continued)

Sonnedix Don Goyo Holdings SpA	100%	100%
Sonnedix Don Goyo Transmisión SA	100%	100%
Sonnedix Don Pedro SpA	100%	100%
Sonnedix Energy Supplier Chile SpA	100%	100%
Sonnedix Fotovoltaica Algarrobo SpA	100%	100%
Sonnedix Joaquin Solar SpA	100%	100%
Sonnedix Las Codornices SpA	100%	100%
Sonnedix Las Perdices SpA	100%	100%
Sonnedix Librillo Solar SpA	100%	100%
Sonnedix Paine Energy SpA	100%	100%
Sonnedix Parque Eólico Carica SpA	100%	100%
Sonnedix Parque Eólico El Arrayán SpA	100%	100%
Sonnedix Parque Eólico El Maitén SpA	100%	100%
Sonnedix Parque Eólico El Nogal SpA	100%	100%
Sonnedix Parque Solar Amparo del Sol SpA	100%	100%
Sonnedix Parque Solar Punta Colorada SpA	100%	100%
Sonnedix Parsosy Illapel 5 SpA	100%	100%
Sonnedix Victoria Solar SpA	100%	100%
Arcadia Generación Solar SpA	100%	—
Sonnedix Chile Arcadia Generación SpA	—	—
Sonnedix Chile Arcadia SpA	100%	—
Sonnedix Chile Asset Holdings SpA	100%	—

There are subsidiary entities that were controlled as at December 31, 2022 but not at December 31, 2023, this is due to mergers into other subsidiary entities, dissolution of the subsidiary entities, or sale of those entities during 2023. For subsidiary entities which are listed as not controlled at both reporting dates, these were acquired and then subsequently merged during 2023. The principal activities of all subsidiary entities relate to the development and operation of renewable energy projects

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The management board of
Sonnedix Solar Holdings Limited
Attn. Mr. W. Catlin-Hallett
Victoria Place, 1st Floor, 31 Victoria Street
HAMILTON HM10, BERMUDA

Utrecht, 14 April 2023 REQ6757038/JR/ii

Dear Mr. Catlin-Hallett,

In accordance with the engagement you granted us, we have audited the financial statements 2022 of Sonnedix Solar Holdings Limited. In this letter we communicate with you in respect to our audit. Furthermore, we will confirm our consent for publishing our independent auditor's report.

Approval for publishing the auditor's report

Please find enclosed an authenticated copy of the annual report of Sonnedix Solar Holdings Limited for the financial year ended 31 December 2022 and our auditor's report thereon dated 14 April 2023.

We consent, under the conditions as set out in the enclosed information sheet Publication of auditor's report, to include and publish our auditor's report as enclosed, in the section Other information of copies of the annual report for the financial year ended 31 December 2022, provided that they are identical to the enclosed authenticated copy of the annual report, subject to adoption of the audited financial statements, without modification, by the general meeting. Publication of our auditor's report is only allowed together with the corresponding complete set of the annual report.

Our auditor's report states the name of our firm and the name of the responsible audit partner but without a signature. We kindly request you to include our auditor's report without signature in the version of the annual report that will be published. We have enclosed one copy of our auditor's report including a digital signature. This copy is meant for your own filing purposes. It is not allowed to publish the authenticated copy of annual financial reporting (authenticated by us for identification purposes).

If prior to the general meeting circumstances arise that require a modification to the financial statements, please note that such modifications should be made prior to the general meeting. In this situation, of course, we withdraw our consent granted above.

If you wish to publish the annual report including the audited financial statements on the internet, it is your responsibility to ensure proper separation of the annual report from other information. For example, by presenting the annual report as a separate read-only file, or by issuing a warning if readers switch from the web page containing the annual report ("You are now leaving the secured page containing the annual report, including the audited financial statements").

A copy of the annual report is to be signed by the management board and should be presented to the shareholders.

The annual report should be adopted by the general meeting and adoption should be recorded in the minutes.

Required auditor's communications

We have audited the financial statements 2022 of Sonnedix Solar Holdings Limited, a sub holding of Sonnedix Power Holdings Limited. For our auditor's communications we refer to our Audit findings report 2022 dated 14 April 2023, issued in relation to the audit 2022 of Sonnedix Power Holdings Limited. This Audit findings report applies also for the audit of Sonnedix Solar Holdings Limited. In addition to this Audit findings report, we have included below the auditor's communications on which we are obliged to report under laws and regulations, only if it applies specifically to Sonnedix Solar Holdings Limited.

Going concern

The financial statements are prepared on the basis of the going concern assumption based on management's assessment that the company will continue to operate in the foreseeable future and can continue to meet its liabilities. Although the shareholder loan, due to Sonnedix Power Holdings Limited, is repayable at one month's notice, Sonnedix Power Holdings Limited has confirmed in writing to Sonnedix Solar Holdings Limited that it will provide financial support for a period of at least twelve months from the date of signing of the financial statements. Based on our procedures performed and the information obtained, we, as an auditor, conclude that management's use of the going concern assumption is appropriate in the circumstances, the disclosures are adequate and that there is no material uncertainty. Our assessment period is a period of at least twelve months from the date of the auditor's report.

Yours sincerely,
Ernst & Young Accountants LLP

R.H.A. Duim

Enclosures: Signed auditor's report for your files
Annual report authenticated for identification purposes
Auditor's report without signature to be included in the annual report
Information sheet Publication of auditor's report

Building a better working world

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Independent auditor's report

To: the shareholders and management of Sonnedix Solar Holdings Limited

Report on the audit of the financial statements 2022 included in the annual report

Our opinion

We have audited the financial statements 2022 of Sonnedix Solar Holdings Limited based in Bermuda.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Sonnedix Solar Holdings Limited as at 31 December 2022 and of its result and its cash flows for 2022 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS).

The financial statements comprise:

- The consolidated statement of financial position as at 31 December 2022
- The following statements for the year ended 31 December 2022: the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows
- The notes comprising a summary of the significant accounting policies and other explanatory information

Basis for our opinion

We conducted our audit in accordance with Dutch law and International Standards on Auditing. Our responsibilities under those standards are further described in the Our responsibilities for the audit of the financial statements section of our report.

We are independent of Sonnedix Solar Holdings Limited (the company) in accordance with the "Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten" (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA, Dutch Code of Ethics).

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

Report on other information included in the annual report

The annual report contains other information in addition to the financial statements and our auditor's report thereon.

Based on the following procedures performed, we conclude that the other information is consistent with the financial statements and does not contain material misstatements.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of the International Standards on Auditing 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information.

Description of responsibilities regarding the financial statements

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

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. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Law, International Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining 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
- Obtaining 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

- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 a company to cease to continue as a going concern
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

Communication

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

Utrecht, 14 April 2023

Ernst & Young Accountants LLP

Digitally signed by
Ronny Henri Anne Duim
Date: 2023.04.14 16:47:
57 +02'00'

R.H.A. Duim

Independent auditor's report

To: the shareholders and management of Sonnedix Solar Holdings Limited

Report on the audit of the financial statements 2022 included in the annual report

Our opinion

We have audited the financial statements 2022 of Sonnedix Solar Holdings Limited based in Bermuda.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Sonnedix Solar Holdings Limited as at 31 December 2022 and of its result and its cash flows for 2022 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS).

The financial statements comprise:

- The consolidated statement of financial position as at 31 December 2022
- The following statements for the year ended 31 December 2022: the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows
- The notes comprising a summary of the significant accounting policies and other explanatory information

Basis for our opinion

We conducted our audit in accordance with Dutch law and International Standards on Auditing. Our responsibilities under those standards are further described in the Our responsibilities for the audit of the financial statements section of our report.

We are independent of Sonnedix Solar Holdings Limited (the company) in accordance with the "Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten" (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA, Dutch Code of Ethics).

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

Report on other information included in the annual report

The annual report contains other information in addition to the financial statements and our auditor's report thereon.

Based on the following procedures performed, we conclude that the other information is consistent with the financial statements and does not contain material misstatements.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of the International Standards on Auditing 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

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Utrecht, 14 April 2023

Ernst & Young Accountants LLP

signed by R.H.A. Duim

ANNUAL REPORT
for the year ended 31 December 2022

SONNEDIX SOLAR HOLDINGS LIMITED

Sonnedix Solar Holdings Limited

Contents

Sonnedix Solar Holdings Limited

Company Information

Directors
Sonnedix Power Holdings Ltd
Ian Stone

Authorised representatives
William Catlin-Hallett
Robin Clark
Samantha Packwood

Registered office
Victoria Place, 1st Floor
31 Victoria Street
Hamilton
HM10
BM

Company Number
45438

Sonnedix Solar Holdings Limited

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Utrecht, 14 April 2023

Ernst & Young Accountants LLP

Signed by R.H.A. Duim

Consolidated Income Statement for the Year Ended December 31, 2022

	Note	**2022** **Continuing operations €'000**	**Discontinued operations €'000**	**Total €'000**	2021 Continuing operations €'000	Discontinued operations €'000	Total €'000
Revenue from contracts with customers	5	**704,669**	**6,826**	**711,495**	520,108	33,870	553,978
Cost of sales							
Depreciation	6	**(334,747)**	**—**	**(334,747)**	(266,590)	(23,948)	(290,538)
Other cost of sales	6	**(111,387)**	**(1,082)**	**(112,469)**	(54,628)	(6,057)	(60,685)
Gross profit		**258,535**	**5,744**	**264,279**	198,890	3,865	202,755
Administrative expenses	7	**(150,287)**	**(104)**	**(150,391)**	(117,580)	(2,066)	(119,646)
Other operating income and expenses	9	**52,994**	**15,074**	**68,068**	(1,036)	11,272	10,236
Reversal of impairment / (impairment)	10	**3,662**	**—**	**3,662**	(72,792)	—	(72,792)
Operating profit		**164,904**	**20,714**	**185,618**	7,482	13,071	20,553
Finance income	11	**68,999**	**176**	**69,175**	21,139	509	21,648
Finance expense	12	**(157,600)**	**(3,162)**	**(160,762)**	(141,440)	(8,953)	(150,393)
Foreign exchange gain / (loss)		**5,688**	**(18)**	**5,670**	(1,384)	(6,097)	(7,481)
Net finance expense		**(82,913)**	**(3,004)**	**(85,917)**	(121,685)	(14,541)	(136,226)
Profit / (loss) before tax		**81,991**	**17,710**	**99,701**	(114,203)	(1,470)	(115,673)
Tax (expense) / income	13	**(55,404)**	**(171)**	**(55,575)**	27,696	(2,918)	24,778
Profit / (loss) after tax		**26,587**	**17,539**	**44,126**	(86,507)	(4,388)	(90,895)
Profit / (loss) for the year							
Attributable to:							
Owners of the Company		**17,945**	**17,032**	**34,977**	(82,628)	(4,356)	(86,984)
Non-controlling interests		**8,642**	**507**	**9,149**	(3,879)	(32)	(3,911)
		26,587	**17,539**	**44,126**	(86,507)	(4,388)	(90,895)

Discontinued operations relate to South African and Puerto Rican operations. See Note 18 for further information.

Consolidated Statement of Comprehensive Income for the Year Ended December 31, 2022

	Note	2022 €'000	2021 €'000
Profit / (loss) after tax		**44,126**	(90,895)
Items that may be reclassified to profit and loss (net of tax):			
- Exchange differences on translations of foreign operations		**(50,014)**	11,418
- Realisation of gain on cancelled derivatives	26	**(138)**	5,190
- Net gain on effective derivatives	26	**261,719**	4,710
Items that will not be reclassified to profit and loss in subsequent periods:			
- Exchange differences on translations of non-controlling interests		**(452)**	142
Total other comprehensive income		**211,115**	21,460
Total comprehensive income / (loss) for the year		**255,241**	(69,435)
Attributable to:			
Owners of the Company		**222,270**	(68,328)
Non-controlling interests		**32,971**	(1,107)
		255,241	(69,435)
Total comprehensive result arises from:			
Continuing operations		**237,433**	(65,722)
Discontinued operations		**17,808**	(3,713)
		255,241	(69,435)

Discontinued operations relate to South African and Puerto Rican operations. See Note 18 for further information.

Consolidated Statement of Changes in Equity for the Year Ended December 31, 2022

	Capital (Note 30) €'000	Translation reserve €'000	Cash flow hedge reserve (Note 26) €'000	Retained earnings €'000	Reserve of disposal group held for sale (Note 18) €'000	**Total equity attributable to owners of the Company €'000**	Non-controlling interest €'000	**Total Equity €'000**
At January 1, 2021	**144,263**	**(13,373)**	**(66,757)**	**(150,389)**	**(3,716)**	**(89,972)**	**16,494**	**(73,478)**
Comprehensive income:								
- Result for the year	—	—	—	(86,984)	—	(86,984)	(3,911)	(90,895)
- Derivative financial instruments	—	—	5,702	—	1,536	7,238	2,662	9,900
- Movements in foreign exchange	—	11,400	—	—	18	11,418	142	11,560
Total comprehensive result for the year	**—**	**11,400**	**5,702**	**(86,984)**	**1,554**	**(68,328)**	**(1,107)**	**(69,435)**
Dividend to non-controlling interest	—	—	—	—	—	—	(2,711)	(2,711)
Transactions with non-controlling interest	—	(252)	380	30,305	—	30,433	(18,599)	11,834
Acquisition of subsidiaries (Note 15)	—	—	—	—	—	—	1,228	1,228
Disposal of subsidiaries (Note 18)	—	(3,233)	—	—	—	(3,233)	436	(2,797)
At December 31, 2021	**144,263**	**(5,458)**	**(60,675)**	**(207,068)**	**(2,162)**	**(131,100)**	**(4,259)**	**(135,359)**
Comprehensive income:								
- Result for the year	—	—	—	34,977	—	34,977	9,149	44,126
- Derivative financial instruments	—	—	236,060	—	1,247	237,307	24,274	261,581
- Movements in foreign exchange	—	(50,803)	1,060	—	(271)	(50,014)	(452)	(50,466)
Total comprehensive result for the year	**—**	**(50,803)**	**237,120**	**34,977**	**976**	**222,270**	**32,971**	**255,241**
Disposal of subsidiaries	—	9,888	—	—	1,186	11,074	6,219	**17,293**
Dividend to non-controlling interest	—	—	—	—	—	—	(769)	**(769)**
Contribution by non-controlling interest	—	—	—	—	—	—	3,920	**3,920**
Transactions with non-controlling interest	—	231	3,439	51,544	—	55,214	9,012	**64,226**
Acquisition of subsidiaries (Note 15)	—	—	—	—	—	—	6,277	**6,277**
At December 31, 2022	**144,263**	**(46,142)**	**179,884**	**(120,547)**	**—**	**157,458**	**53,371**	**210,829**

Consolidated Statement of Changes in Equity for the Year Ended December 31, 2022 (continued)

Nature and purpose of reserves

Translation reserve
The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Cash flow hedge reserve
The cash flow hedge reserve includes mark-to-market revaluation movements, net of tax, on the effective derivatives used in the Group's cash flow hedging.

Reserve of disposal group held for sale
The reserve of disposal group held for sale relates to the translation reserve and cash flow hedge reserve balances of the South African operations which had been transferred to held for sale. On June 3, 2022 the Group disposed of its interests in the South African operations.

Consolidated Statement of Financial Position at December 31, 2022

	Note	2022 €'000	2021 €'000
Non-current assets			
Property, plant and equipment	19	**5,912,975**	4,778,007
Intangible assets and goodwill	20	**13,587**	—
Deferred tax assets	14	**36,468**	41,061
Derivative financial instruments	26	**404,961**	20,125
Other non-current assets	21	**140,103**	121,668
		6,508,094	4,960,861
Current assets			
Trade and other receivables	22	**245,379**	246,032
Income tax receivable		**21,468**	30,269
Cash and cash equivalents	23	**385,332**	311,489
Assets of the disposal group	18	**—**	72,692
		652,179	660,482
TOTAL ASSETS		**7,160,273**	5,621,343
Equity			
Share capital	30	**10**	10
Share premium		**9,990**	9,990
Contributed surplus		**134,263**	134,263
Translation reserve		**(46,142)**	(5,458)
Cash flow hedge reserve	26	**179,884**	(60,675)
Retained earnings		**(120,547)**	(207,068)
Reserves of the disposal group	18	**—**	(2,162)
Total equity attributable to owners of the Company		**157,458**	(131,100)
Non-controlling interest		**53,371**	(4,259)
Total equity		**210,829**	(135,359)
Non-current liabilities			
Provisions	24	**102,377**	75,111
Borrowings	25	**4,764,694**	4,184,816
Deferred tax liability	14	**344,551**	172,385
Derivative financial instruments	26	**5,298**	59,851
		5,216,920	4,492,163
Current liabilities			
Short-term provisions	24	**34,264**	17,885
Shareholder loan	25	**1,090,231**	758,402
Short-term borrowings	25	**442,247**	295,852
Trade and other payables	27	**153,299**	109,693
Income tax payable		**12,483**	3,357
Liabilities of the disposal group	18	**—**	79,350
		1,732,524	1,264,539
TOTAL EQUITY AND LIABILITIES		**7,160,273**	5,621,343

The Notes on pages 12 to 80 are an integral part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on April 14, 2023. They were signed on its behalf by:

Sonnedix Power Holdings Limited
Director
Represented by:
Sam Packwood (Legal representative)

Consolidated Statement of Cash Flows for the Year Ended December 31, 2022

	Note	**2022 €'000**	2021 €'000
Cash flows from operations			
Result before tax of continuing operations		**81,991**	(114,203)
Result before tax of discontinued **operations**		**17,710**	(1,470)
Adjustments to reconcile profit/ (loss) before tax to net cash flows:			
Depreciation of property, plant and equipment	19	**337,042**	292,228
Impairment of assets	10	**(3,662)**	72,792
Loss on disposal of fixed assets		**708**	73
Amortisation of intangible assets	7	**4,066**	—
(Gain)/ loss on disposal of investments		**(16,907)**	4,703
Gain/ (loss) on energy price hedges		**9,133**	(40,508)
Fair value of Prieska panels	18	**—**	15,164
Net finance expense		**85,917**	136,225
Movement in provisions		**49,797**	29,574
Change in working capital:			
Decrease/ (increase) in trade and other receivables		**29,948**	(19,486)
Decrease in trade and other payables		**(6,253)**	(2,137)
Increase in energy price hedges		**(24,274)**	(2,267)
Interest paid		**(147,804)**	(128,424)
Other finance expense		**(4,581)**	(2,919)
Tax paid		**(5,995)**	(12,867)
Net cash flows from operating activities		**406,836**	226,478
Cash flows from investing activities			
Interest received		**3,339**	536
Reserve account funding		**(1,759)**	(20,947)
Purchase of property, plant and equipment		**(371,247)**	(257,493)
Sale of property, plant and equipment		**—**	230
Acquisition of subsidiaries	15, 16	**(657,033)**	(368,125)
Cash acquired in acquisition of subsidiaries	15, 16	**33,871**	31,669
Deferred and contingent consideration payments		**(3,175)**	(760)
Disposal of subsidiaries, net of cash held		**12,113**	99,722
Decrease/ (increase) in other financial fixed assets		**642**	(1,099)
Net cash flows from investing activities		**(983,249)**	(516,267)
Cash flows from financing activities			
Purchase of non-controlling interest	17	**—**	(8,975)
Sale of non-controlling interest	17	**64,226**	19,700
Equity received from non-controlling interest, net		**3,920**	1,109
Dividend paid to non-controlling interest		**(769)**	(2,711)
Proceeds from bank and other loans	29	**756,448**	1,035,814
Proceeds from shareholder loans	29	**331,829**	(90,336)
Repayment of bank and other loans	29	**(443,488)**	(675,082)
Loan prepayment penalties		**—**	(272)
Lease payments	32, 29	**(5,854)**	(51,410)
Loan arrangement fees	29	**(12,267)**	(25,290)
Payments made to cancel swaps	29	**(539)**	(15,207)
Net cash flows from financing activities		**693,506**	187,340
Net increase/ (decrease) in cash and cash equivalents		**117,093**	(102,449)
Cash and cash equivalents at beginning of year	23	**311,489**	415,383
Movements in foreign exchange		**(49,553)**	(3,544)
Less: cash transferred from held for sale	18	**6,303**	2,099
Cash and cash equivalents at the end of the year	23	**385,332**	311,489

The Group presents its cash flows using the indirect method.

Notes to the consolidated financial statements

1 General information

Sonnedix Solar Holdings Limited (the "Company" or, together with its subsidiaries, the "Group") was incorporated without reserve liability under the laws of Bermuda on May 30, 2011. Its business address is in Hamilton, Bermuda. The Group operates across several countries and does not have any single principal place of business.

The business activity of the Group is the acquisition, development, construction and operation of renewable energy projects to be used for the generation and sale of electrical energy. The Group has renewable energy projects with a total capacity of 2.19GW (2021: 1.70GW) in operation and 6.59GW (2021: 1.02GW) under construction or development as at December 31, 2022.

The Company's shareholder is Sonnedix Power Holdings Limited. As at December 31, 2022, the ultimate parent company is IIF Int Holding LP, a fund for institutional investors.

2 Significant accounting policies

a) Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and therefore the Group financial statements comply with Article 4 of the EU IAS Regulations. The consolidated financial statements are presented in euros and all values are rounded to the nearest thousand (€'000), except when otherwise indicated.

The consolidated financial statements were approved by the Board of Directors and authorised for issue on April 14, 2023.

The consolidated financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments and contingent consideration payable on acquisitions. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The principal accounting policies adopted are set out below.

b) Going concern

The financial statements have been prepared in accordance with the going concern basis of accounting. The use of this basis of accounting takes into consideration the Group's current and forecast financing position. The Company is funded by its shareholders via a shareholder loan rather than equity. The shareholder loan, due to Sonnedix Power Holdings Ltd, is repayable to at one month's notice. Sonnedix Power Holdings Ltd has confirmed in writing to the Company that it will provide financial support, to the extent necessary, for a period of at least 12 months from the date of signing of these financial statements. On February 14, 2023, the shareholder loan agreement was amended such that it is no longer repayable at one month's notice. The loan facility is available until December 31, 2050.

Conflict in Ukraine

In February 2022 Russian armed forces invaded Ukraine. In response many countries have imposed sanctions against Russia which have affected the economies of Russia and the world.

Although the Group does not have any operations in either country and is therefore not directly affected, the ongoing conflict has created volatility in global energy markets. The Group continues to monitor the macro-economic developments closely and its impact on going concern.

The Group is most significantly impacted by fluctuations in energy prices and interest rates.

In 2022, 78% of Group revenues come from fixed rate tariffs and therefore the impact of energy price volatility is limited to a small portion of the Group's operational cash flows. In addition, the Group has a policy of hedging or fixing at least 70% of the loans in each currency to reduce the interest rate exposure. More information on the Group's approach to financial risk management can be found in Note 29.

c) Basis of consolidation

The consolidated financial statements consist of the financial statements of the Group and its subsidiaries as at December 31, 2022. Control is achieved when the Group has power over the investee, is exposed to 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.

Where the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including the contractual arrangement with the other vote holders of the investee, rights arising from other contractual arrangements and the Group's voting and potential voting rights. In Japan, project investments are made via a TK-GK structure, and in Spain, some investments are made via a Luxembourg GP structure and, as a result, the Group does not own the majority of voting rights. It does, however, consider that it has control over the projects on the basis of the contractual arrangements in place and its significant exposure to the variable rights and returns of the projects.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amounts of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control of a subsidiary, it derecognises the assets and liabilities, carrying amount of any non-controlling interests and the cumulative translation differences recorded in equity. The difference between this and the fair value of any consideration received plus the fair value of any investment retained is recognised in profit or loss.

As at December 31, 2022, details of the Company's subsidiary undertakings, all of which are included in the consolidated Group financial information are given in Note 35. The principal activities of all subsidiary entities relate to the development and operation of renewable energy projects.

Notes to the consolidated financial statements

d) Acquisitions of subsidiaries

When assessing whether an acquired set of assets and activities is a business or an asset, the Group first elects to apply an optional concentration test. Where the concentration test is applied, the acquisition is treated as the acquisition of a group of assets rather than a business combination if substantially all of the fair value of the gross assets acquired (excluding cash and cash equivalents and deferred tax assets) is concentrated in a single asset or group of similar identifiable assets. Consideration paid in such acquisitions is allocated to acquired assets and liabilities and contingent liabilities based on their estimated fair values.

Where the concentration test is not met, a further assessment of whether the acquired set of assets and activities is a business will be performed.

Asset acquisitions

Acquisitions of subsidiaries that meet the concentration test and are treated as the acquisition of a group of assets require all individual identifiable assets acquired and liabilities assumed at the acquisition date to be identified. The identified assets and liabilities are assigned a carrying amount based on their fair value at the date of acquisition. The consideration transferred is allocated to the individual identifiable assets and liabilities on the basis of their relative fair values.

The consideration transferred may include the fair value of any asset or liability resulting from a contingent consideration arrangements. The fair value of contingent consideration is initially recognised as part of the investment cost of the subsidiary if the obligation to make the variable payment is not wholly dependent on future activities of the business and are linked to the value of the asset at the acquisition date. If the obligation to make the variable payment is wholly dependent on future activities of the business, then the Group has elected to recognise a liability only when the contingent payment crystallises.

Business combinations

For acquisitions of subsidiaries that are treated as the acquisition of a business the Group uses the acquisition method of accounting. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement measured at its acquisition date fair value. Acquisition related costs are expensed as incurred.

Subsequent changes to the fair value of contingent consideration are adjusted against the cost of acquisition where they qualify as measurement period adjustments. All other subsequent changes in the fair value of contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Where a business combination is achieved in stages, the Group’s previously-held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The fair value of any assets arising in a business combination that could be considered intangible are, in line with IFRS 3 B32b, included within the fair value of the power plant as a single asset for financial reporting purposes, if the asset is not separable from the power plant and the useful lives of those assets are similar.

Notes to the consolidated financial statements

Goodwill

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over the net of the acquisition-date fair value amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss for goodwill is not reversed in a subsequent period.

e) Foreign currencies

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

Items included in the financial statements of each of the Group's subsidiaries are measured using the currency of the primary economic environment in which the entity operates (the functional currency). Several Group companies operate in currencies other than the euro, primarily the US dollar, Japanese yen, British pound, Chilean peso, Polish zloty and South African rand. On consolidation, transactions in these currencies are translated at the average exchange rates for the period and balance sheet items are translated at the rates prevailing at year end. Exchange differences (if any) arising are recognised in other comprehensive income ("OCI").

Transactions in foreign currencies are recorded at the rates of exchange ruling at the transaction dates. Monetary assets and liabilities are translated into the functional currency at the exchange rate ruling at the balance sheet date, with a corresponding charge or credit to the income statement.

f) Revenue from contracts with customers

The recognition of revenue from contracts with customers is based on the fulfilment of performance obligations. The Group's performance obligation is the delivery of electricity produced to the local operator of the electricity grid, or other off-taker in accordance with existing contracts. The performance obligation is deemed settled once the electricity has passed through the off-take point, which could be considered an ongoing process; in practice revenues are recorded based on the right to invoice, using the IFRS practical expedient, being the total MWh per month which has passed the off-take point. Revenues are calculated based on periodic meter readings and the price of electricity established in the contract, normally at a price per MWh. Revenues are recognised net of value added tax ("VAT") and rebates.

Revenues generated by power plants that are still within the testing period (the time interval to bring the asset to the intended use conditions) are recognised as revenue in the income statement.

The disclosure of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 4.

Other income is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided outside of the normal course of business, net of discounts, VAT and other sales-related taxes.

g) Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Financial costs of debt are allocated to periods over the term of the related debt at a constant rate on the carrying amount. Arrangement fees and issue costs are deducted from the debt proceeds on initial recognition of the liability and are amortised and charged to the income statement as finance costs over the term of the debt.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

h) Taxation

Current tax

Income tax expense for the year is calculated as the sum of current tax resulting from applying the corresponding tax rate to taxable profit for the year for the respective subsidiary's local country regulation, less any applicable rebates and tax credits, taking into account changes during the year in recognised deferred tax assets and liabilities. The corresponding tax expense is recognised in the income statement, except when it relates to transactions recognised directly in equity, in which case the corresponding tax expense is likewise recognised in equity.

Deferred tax

Deferred income tax is recognised using the liability method on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts. The tax base of an asset or liability is the amount attributed to it for tax purposes. Deferred tax liabilities are recognised for all 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 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

The Group recognises deferred tax assets for all deductible temporary differences, unused tax credits and unused tax loss carried forward, to the extent that it is probable that future taxable profit will be available against which these assets may 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 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 balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Notes to the consolidated financial statements

Deferred tax assets and liabilities are measured at the tax rate expected to apply to the period in which they reverse, as required by enacted tax laws and in the manner in which it reasonably expects to recover the asset's carrying value or settle the liability.

Deferred tax assets and liabilities are not discounted and are classified as non-current assets or non-current liabilities, respectively. Tax rates applied are based on the respective countries where the operating assets exist.

i) Property, plant and equipment ("PPE")

Items of PPE are initially measured at cost. The cost of PPE includes expenditure directly attributable to the acquisition of the asset and, for self-constructed assets, the material cost, direct labour and any other costs directly attributable to bringing the asset into working condition for its intended use. Permits and licences are included in the cost of the solar and wind plant assets given the inseparability of the plants and the corresponding permits and licences. The cost of solar and wind plant assets also includes the initial estimate of the present value of asset dismantling or restoration obligations and other associated costs, such as the cost of restoring assets where these obligations exist.

Interest costs incurred during the construction period are capitalised in line with the Group's policy on borrowing costs.

Following initial measurement, PPE is stated at cost less accumulated depreciation and any recognised impairment loss.

Expenses for repairs which do not prolong the useful life of the assets, as well as maintenance expenses, are taken to the income statement in the year incurred. Expenses incurred for expansion or improvements which increase the productivity or prolong the useful life of the asset are capitalised as an increase in the value of the item.
When available for use, PPE is depreciated on a straight-line basis over its estimated useful life. Freehold land is not depreciated.

The estimated useful lives of PPE are as follows:

	Useful lives
Solar plant assets	25 years or remaining land lease term if shorter
Wind plant assets	25 years or remaining land lease term if shorter
Transmission line assets	25 years or remaining land lease term if shorter
Office equipment	3-5 years

Leased assets are amortised over the life of the lease on a straight-line basis.

Land is not depreciated unless it is a right-of-use asset recognised in accordance with IFRS 16 Leases, in which case it is depreciated over the remaining term of the lease.

The Group reviews the assets' residual value, useful lives and depreciation methods at year end and adjusts them prospectively where applicable.

Notes to the consolidated financial statements

j) Impairment of non-current assets excluding goodwill

The Group assesses at each balance sheet date whether there is an indication that a tangible or intangible asset may be impaired. If any indication exists, the Group estimates the asset's recoverable amount.

The recoverable amount is the higher of the cash-generating unit's ("CGU") fair value less cost of disposal and value in use. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired. To assess value in use, expected future cash flows are discounted to their present value using risk free market rates, adjusted by the risks specific to the asset. For those assets that do not generate cash inflows that are largely independent of those from other assets or groups of assets, the recoverable amount is determined for the cash-generating units to which the asset belongs.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or CGU in prior years.

k) Non-current assets held for sale and disposal groups

Non-current assets or disposal groups are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable rather than through continuing use. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

On initial classification as held for sale, non-current assets and disposal groups are measured at the lower of previous carrying amount and fair value less costs to sell with any adjustments taken to the income statement. The same applies to gains and losses on subsequent remeasurement. Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale. Assets, liabilities and reserves of the disposal group are presented separately, each in a single line on the balance sheet.

If during the reporting period, the conditions required to be classified as held for sale are no longer met then the assets and liabilities of the disposal group are no longer presented separately. Depreciation and amortisation from the date of initial classification until the date that the conditions were no longer met will be recognised immediately in profit or loss. Where the disposal group is a subsidiary or sub-group of subsidiaries this depreciation and amortisation should be recognised in the period in which it would have occurred. Amendments to results of prior periods are shown as represented.

l) Discontinued operations

In accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", the net results of discontinued operations are presented separately in the Group income statement and the assets and liabilities of these operations are presented separately in the Group balance sheet.

Notes to the consolidated financial statements

m) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Where the Group is a lessee it applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date, an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term plus any reasonably certain lease extensions, as considered in Note 4.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term or a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments). The Group's lease liabilities are included in borrowings (see Note 25).

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

n) Provisions

Provisions are recognised in the balance sheet when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the obligation.

Provisions are measured at the present value of the best estimate of the consideration required to settle the obligation at the balance sheet date or to transfer it to a third party at that time, recognising provision discount adjustments as a finance cost as they accrue. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Notes to the consolidated financial statements

Liabilities for decommissioning costs are recognised when the Group has an obligation to dismantle and remove a facility or an item of plant and to restore the site on which it is located and when a reliable estimate of that liability can be made. An obligation for decommissioning may also crystallise during the period of operation of a facility through a change in legislation or through a decision to terminate operations. The amount recognised is the present value of the estimated future expenditure determined in accordance with local conditions and requirements. A corresponding item of property, plant and equipment of an amount equivalent to the provision is also created and depreciated in line with the Group's depreciation policy.

o) Share-based payments

Certain members of senior management receive remuneration in the form of share-based payments. They are issued either non-voting shares that can be either cash or equity settled, or "LTIP Units" that are cash settled (see Note 31). Both categories have rights equivalent to share appreciation rights.

At each reporting date, the fair value of the shares and units are estimated taking into account the non-vesting conditions and other relevant terms and conditions. The expense in relation to the estimated fair value of the shares and units are proportionately allocated to the service period. The proportional share of the service period expense and any changes in the value of the shares and units are recognised in profit or loss for the period.

p) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial recognition and measurement of financial assets

With the exception of trade receivables and financial assets measured at fair value through profit or loss, the Group initially measures a financial asset at its fair value plus transaction costs. Trade receivables are measured at the transaction price determined under IFRS 15 Revenue from Contracts with Customers. Financial assets measured at fair value through profit or loss are measured at fair value. In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income ("OCI"), it needs to give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Subsequent measurement of financial assets

For purposes of subsequent measurement at each balance sheet date, the Group classifies its financial assets in the following categories:

- those to be measured at fair value through OCI;
- those to be measured at fair value through profit or loss; and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Foreign exchange gains and losses and impairment losses are presented as a separate line item in profit or loss.

The following financial assets of the Group are measured at amortised cost:

- cash and cash equivalents;
- trade receivables; and
- loans, deposits and other receivables.

The following financial assets of the Group are measured at fair value through OCI or fair value through profit or loss:

- derivative financial instruments; and
- other financial assets.

Contingent consideration on purchase of subsidiaries

When the Group acquires a new subsidiary, the Group may be contractually obligated to pay additional consideration when the acquired company reaches certain performance-related or other targets. For acquisitions that are treated as business combination, the fair value of such contingent consideration is initially recognised as part of the investment cost of the subsidiary. At each subsequent reporting date, the fair value is remeasured, with the movements going through profit or loss. For acquisitions of subsidiaries that are treated as an acquisition of a group of assets rather than a business combination the fair value of contingent consideration is initially recognised as part of the investment cost of the subsidiary if the obligation to make the variable payment is not wholly dependent on future activities of the business and is linked to the value of the asset at the acquisition date. If the obligation to make the variable payment is wholly dependent on future activities of the business, then the Group has elected to recognise a liability only when the contingent payment crystallises.

Derivative financial instruments

The Group enters into hedging instruments to protect against exposures to variability in interest rates, foreign exchange movements and energy price movements. Such derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are classified as fair value through profit or loss unless the derivative is designated effective as a hedging instrument in which case it is classified as fair value through OCI. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is an economic relationship between the hedged item and the hedging instrument.
- The effect of credit risk does not dominate the value changes that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Interest rate swaps are valued using valuation techniques with market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, interest rate curves and forward rate curves of the underlying commodity.

Notes to the consolidated financial statements

Other financial assets
Other financial assets, relating to minor investments in publicly traded companies or similar, are stated at fair value. Gains and losses arising from changes in fair value are recognised in other comprehensive income.

Cash and cash equivalents
Cash includes cash on hand and cash with banks. Cash equivalents are short-term, highly-liquid investments that are readily convertible to known amounts of cash with three months or less remaining to maturity from the date of acquisition and that are subject to an insignificant risk of change in value.

Trade receivables
Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 Revenue from Contracts with Customers.

Loans, deposits and other receivables
Loans, deposits and other receivables that have fixed or determinable payments that are not quoted in an active market are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.
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 principal or the most advantageous market must be accessible to the Group.

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.

The Group 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:
- 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 the purpose of fair value disclosures, the Group 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.

Impairment
The Group assesses on a forward-looking basis, the expected credit losses ("ECL") associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Notes to the consolidated financial statements

The measurement of ECL reflects an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and all reasonable and supportable information that is readily available at the end of each reporting period about past events, current conditions and forecasts of future conditions.

For trade receivables the Group applies a simplified approach outlined in IFRS 9 and measures the allowance for impairment losses at expected lifetime credit losses from initial recognition of the receivables. Based on historic data regarding the recoverability of the Group's trade receivables, current conditions and forecasts of future conditions, impairment of receivables is expected to be insignificant.

Trade and other payables
Trade payables are initially measured at fair value and are subsequently remeasured at amortised cost using the effective interest method; this method allocates the interest expense over the relevant period by applying the effective interest rate to the carrying amount of the liability.

Borrowings
Borrowings are recognised initially at the fair value of the proceeds received which is determined using the prevailing market rate of interest for a similar instrument, if significantly different from the transaction price, net of transaction costs incurred. In subsequent periods, borrowings are recognised at amortised cost, using the effective interest rate method; any difference between fair value of the proceeds (net of transaction costs) and the redemption amount is recognised as a finance cost over the period of the borrowings. Borrowing costs directly attributable to acquisition of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time the assets are substantially ready for their intended use. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3 Adoption of new and revised standards

The following new standards and amendments became effective as of January 1, 2022 and where applicable have been applied by the Group for the first time in 2022:

- References to the Conceptual Framework – Amendments to IFRS 3
- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16
- Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37
- IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

References to the Conceptual Framework – Amendments to IFRS 3
The amendment adds to IFRS 3 a requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination and also adds to IFRS an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

These amendments had no impact on the consolidated financial statements of the Group as there were no contingent assets, liabilities or contingent liabilities within the scope of these amendments that arose during the period.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16
The Group constructs renewable energy projects which may generate income from electricity sales during the commissioning process. These sales are already treated as revenue rather than deducted from the cost of constructing the asset and therefore the Group is already in compliance with the amendment to IAS 16.

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Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37
The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract including both incremental costs and an allocation of costs directly related to contract activities.
These amendments had no impact on the consolidated financial statements of the Group in the period as there were no additional contracts that were determined to be onerous.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities
The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39 Financial Instruments: Recognition and Measurement.

These amendments had no impact on the consolidated financial statements of the Group during the period.

IFRSs not yet effective
The following IFRSs have been issued but have not been applied by the Group in these consolidated financial statements as they are effective for years beginning on or after January 1, 2023 or have not yet been endorsed by the European Union.

Standard	Applicable for accounting periods beginning on or after:
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2024*
Disclosure of Accounting policies – Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2	January 1, 2023
Definition of Accounting Estimates – Amendments to IAS 8	January 1, 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	January 1, 2023

* Not yet endorsed by the European Union

The adoption of these standards is not expected to have a significant impact on the Group's consolidated financial statements.

Amendments to IAS 1 clarifies the requirements for classifying liabilities as current or non-current. The presentation of the Group's liabilities will be reviewed for compliance with this amendment.

Amendments to IAS 1 replaces the requirement to disclose all significant accounting policies with all material accounting policies. The Group will assess which of its accounting policies are considered material.

Amendments to IAS 8 introduces a new definition of 'accounting estimates'. The amendments are designed to clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors.

Amendments to IAS 12 narrows the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, the Group will need to recognise a deferred tax asset and deferred tax liability for temporary differences arising on the initial recognition of a lease and a decommissioning provision.

The Group did not adopt any standards, interpretations and amendments to standards which were available for optional early adoption and relevant to the Group.

The Group will adopt the above standards or amendments in the year in which they become effective and/or endorsed by the European Union, whichever is later.

4 Critical accounting judgements and key sources of estimation uncertainty

The directors have prepared the consolidated financial statements using estimates based on historical experience and other factors considered reasonable under the circumstances. The carrying amount of assets and liabilities, where not readily apparent from other sources, was established on the basis of these estimates. The Group periodically reviews these estimates. However, given the inherent uncertainty, the need may arise to make significant adjustments to the carrying amounts of assets and liabilities affected in future periods should changes occur in the hypotheses or circumstances on which the resulting values were based.

The key assumptions regarding the future, in addition to other relevant information regarding uncertainty estimation at the reporting date, which represent a considerable risk that the carrying amounts of assets and liabilities may require significant adjustments in the following financial year, are as follows:

Impairment of non-financial assets
When measuring non-current assets other than financial assets estimates must be made to determine their fair value to assess if they should be impaired. To determine fair value, the directors estimate the expected cash flows from assets and the cash-generating units to which they belong, applying an appropriate discount rate to calculate the present value of these cash flows.

Impairment of financial assets
The Group considers a financial asset in default when contractual terms have been breached or, in certain cases, when management believe that internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full. In this situation, the Group will reapply the expected credit loss model (“ECL”) to assess impairment of the financial assets. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and management’s best estimate of the expected cash flows that the Group will receive, discounted at an approximation of the original effective interest rate.

Useful lives of property, plant and equipment
The residual value and the useful life of the Group’s assets are reviewed at least at each financial year end and, if expectations differ from previous estimates, any change is accounted for prospectively as a change in estimate. Where the Group will carry out solar panel replacement works (“repowering”) on a solar power plant, it may be necessary to revise the remaining useful life of the solar panels. Certain lender and customer approvals are required in order to complete a repowering and therefore judgement is required in assessing the point at which the Group expects that the repowering will take place. Following receipt of all required approvals and confirmation of the business case an amendment is made to the remaining useful life of the panels.

Deferred tax assets
Deferred tax assets are recognised for all unused tax losses carried forward where it is probable that future taxable profit will be available against which these assets may be utilised. To determine the amount of deferred tax assets that can be recognised, the directors estimate the amounts and dates on which future taxable profits will be obtained and the reversion period of taxable temporary differences. See Note 14 for further information.

Provision for dismantling costs
The Group has recognised a provision for dismantling the respective plants and restoring the surrounding land where it has a contractual or constructive obligation to do so. To determine the amount of the provision, the Group estimates a discount rate, the expected future dismantling costs and the point in time when dismantling is expected to occur. See Note 24 for further information.

Notes to the consolidated financial statements

Fair value of acquired assets and liabilities
In determining the fair value of net assets acquired on the acquisition of subsidiaries, the Group allocates the consideration to each of the assets and liabilities identified. The consideration is agreed in an arm's-length negotiation between willing buyers and sellers. The consideration is based on the estimated future cash flows of the acquired business. The transaction may include contingent consideration dependent on specific events defined in the purchase agreement. To calculate the fair value, management assess the probability of these events and the resultant cash flows to prepare a probability weighted discounted cash flow of the contingent consideration.

Fair value of financial and derivative financial instruments
In determining the fair value of the Group's financial instruments, including credit and debit value adjustments, the Group's management uses judgement to select a variety of methods and verifies assumptions that are mainly based on market conditions existing at the balance sheet date. Where possible, the Group's management also obtains fair value measurements from third parties. See Note 29 for further information.

Revenue vs Lease
Consideration has been made as to whether the contracts with customers constitute a revenue contract under IFRS 15 or a lease agreement under IFRS 16. Determining whether an arrangement is, or contains, a lease shall be based on the substance of the arrangement and requires an assessment of whether throughout the period of use the customer has both of the following:

- the right to obtain substantially all of the economic benefits from use of the asset; and
- the right to direct the use of the asset.

In assessing the contracts, management has followed the guidance in IFRS 16 and has concluded that all contracts with customers constitute revenue contracts, not lease contracts. The primary factors in reaching this conclusion are that Sonnedix has the right to direct the use of the asset, or direct others to use the asset and makes the relevant decisions about how and for what purpose the asset is used.

Determining the lease term of contracts with renewal and termination options – Group as lessee
The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. The majority of the Group's leases relate to land use or land access rights for the power plants operated by the Group. In these instances, where such options are at the option of the Group, it is expected that any lease extension options will be exercised and termination options will not be exercised, in order to maximise the useful economic life of the power plants. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects whether the Company is reasonably certain to exercise or not to exercise the option to renew or to terminate.

Leases – estimating the incremental borrowing rate
The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group would have to pay. The Group estimates the IBR based on the recent financing activities that the Group has undertaken in the relevant country.

Notes to the consolidated financial statements

5 Revenue from contracts with customers

	Note	**2022** €'000	2021 €'000
Continuing operations:			
Spain		**270,749**	187,604
Italy		**129,487**	114,967
Japan		**124,657**	91,676
France		**104,343**	98,490
Chile		**71,177**	26,508
Germany		**2,828**	—
United Kingdom		**1,428**	863
Total continuing operations		**704,669**	520,108
Discontinued operations:			
South Africa		**6,826**	17,056
Puerto Rico (US)		**—**	16,814
Total discontinued operations	18	**6,826**	33,870
		711,495	553,978

The revenue for the year relates to the sale of solar and wind generated electrical energy. In 2022, revenue increased by 28% from €553,978,000 to €711,495,000 primarily due to the recognition of a full year of revenue from acquisitions in Italy and Spain during 2021, construction projects in Japan, Chile, France and Spain that became operational during 2022, acquisitions in Chile and Spain in 2022 and an increase in spot prices compared to 2021. Also included as a reduction of revenue is the impact of regulatory changes in Spain and Italy, see Note 24 for further information.

The South African operations were sold in 2022 and the Puerto Rican operations were sold in 2021 and are both therefore classified as discontinued operations (see Note 18).

6 Cost of sales

	Note	2022 €'000	2021 €'000
Depreciation of solar plant assets		**316,615**	280,886
Depreciation of leased land		**12,223**	9,652
Depreciation of wind plant assets		**5,079**	—
Depreciation of transmission line assets		**830**	—
Depreciation	19	**334,747**	290,538
Electricity costs		**43,849**	12,970
Operations and maintenance expenses		**31,709**	30,049
Generation taxes		**18,952**	—
Plant insurance		**7,916**	8,762
Repair costs		**5,452**	5,563
Land lease costs	32	**986**	349
Other		**3,605**	2,992
Other cost of sales		**112,469**	60,685
		447,216	351,223

Electricity costs are mostly within Chile (2022: €38,988,000; 2021: €9,221,000) and relate to the cost of purchasing electricity to fulfil baseload PPA contracts.

Generation taxes relates to a 7% tax charged in Spain on the total revenue originated by energy production, including both regulatory and market revenues. In the prior year this amount was presented within property and other taxes in administrative expenses (Note 7) but as the tax directly relates to the generation of revenue from electricity sales it has been reclassified to cost of sales.

7 Administrative expenses

	Note	2022 €'000	2021 €'000
Staff costs	8	**68,519**	46,954
Property and other taxes		**18,333**	30,000
Consulting costs		**16,542**	14,132
Project due diligence costs		**14,958**	6,689
IT costs		**5,700**	2,726
Legal fees		**5,075**	7,197
Amortisation of intangible assets	20	**4,066**	—
Audit fees		**2,443**	1,695
Travel expenses		**2,778**	731
Accounting fees		**2,352**	2,831
Depreciation of offices and equipment	19	**2,295**	1,690
Training costs		**1,389**	806
Office lease costs	32	**951**	1,042
Loss on disposal of fixed assets		**708**	—
Other administrative expenses		**4,282**	3,153
		150,391	119,646

Property and other taxes, including withholding taxes, are mostly within Japan (2022: €9,221,000; 2021: €10,004,000) and France (2022: €3,504,000; 2021: €3,465,000).

Consulting costs include outsourced service fees and third-party asset management fees in Spain and Japan.

Notes to the consolidated financial statements

8 Staff costs

	Note	**2022** €'000	2021 €'000
Wages and salaries		**42,662**	29,489
Long-term incentive programme	31	**16,466**	9,315
Social security		**6,377**	4,992
Pension costs – defined contribution		**1,091**	776
Other staff costs		**1,923**	2,382
		68,519	46,954

As at December 31, 2022, 457 (2021: 333) people were employed by the Group. 21 (2021: 10) further staff members were working under other contractual arrangements. Remuneration of executive directors is included in the above (see Note 28).

9 Other operating income and expenses

	Note	**2022** €'000	2021 €'000
Insurance and indemnity income		**31,706**	1,738
Fair value movement on energy price hedges		**6,291**	6,821
Provision for onerous contract		**4,568**	(12,810)
Liquidated damages and warranty claims		**3,567**	15,343
Fair value movement on contingent consideration	24	**569**	1,023
Net gain on disposal of South African operations	18	**15,697**	—
Net loss on disposal of Puerto Rican operations		**(623)**	(4,065)
Net gain on disposal of Soma Yamakami		**1,833**	—
Net loss on disposal of Nanazoshi		**—**	(768)
Other operating income		**4,460**	2,954
		68,068	10,236

Insurance and indemnity income includes €15,266,000 related to an indemnity received for the Douai project in France. Under the lease agreement a clause has been invoked by the lessor to require the relocation of the Douai plant from its current location to a nearby location. The costs and lost revenues arising as a result of this relocation have been indemnified by the lessor. Also included within insurance and indemnity income is €10,833,000 of representations and warranties insurance proceeds from the Hitachi Juo project in Japan to cover the cost of slope remediation works.

Liquidated damages and warranty claims represent amounts received from contractors for delays against milestone deliverables or underperformance against the terms of the contract. Liquidated damages and warranty claims in 2022 are mostly within Japan (2022: €3,080,000; 2021: €13,000). Included in warranty claims in 2021 is €15,164,000 for South Africa relating to the replacement of panels at the Prieska solar plant which were replaced by the EPC contractor at no cost to the Group. The estimated fair value of the solar panels replaced was capitalised within solar plant assets with the corresponding income recognised in profit and loss.

During 2022 and 2021 the Group experienced construction delays in relation to its Badajoz project. This project was due to start delivering electricity in accordance with its Power Purchase Agreement in 2021 but commercial operation was not achieved until late 2022. In 2021, a provision for onerous contract of €12,810,000 was recognised for amounts expected to be paid to the off-taker in 2022 as a result of these project delays. During 2022, the Group was able to transfer this PPA commitment to the Bilbao project for the period before Badajoz

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achieved commercial operations, therefore part of the onerous contract provision was reversed during the year resulting in an income of €4,568,000.
On June 3, 2022, the Group disposed of its controlling interest in its operations in South Africa. The disposal represented a material component of the Group and was therefore treated as a discontinued operation in the 2022 financial statements (see Note 18).

On December 16, 2021, the Group disposed of its controlling interests in its operations in Puerto Rico. The disposal represented a material component of the Group and was therefore treated as a discontinued operation in the 2021 financial statements. On June 15, 2022 the Group disposed of two remaining Puerto Rican development projects, Farjardo and Yabucoa.

On February 10, 2022, the Group disposed of its 99% controlling interest in Taiyo Reserve 1 GK. The company was part of the Japanese operations and owned the development asset Soma Yamakami. The asset was not a material component of the Group and did not represent an operating business. Therefore, this was not treated as a discontinued operation in the 2022 financial statements.

10 Impairment

	Note	**2022** **€'000**	2021 €'000
French tariff cut		—	48,585
Solar plant assets	19	—	48,585
Soma Yamakami		—	6,334
Kita		**(3,662)**	17,873
Assets under construction – Development assets	19	**(3,662)**	24,207
		(3,662)	72,792

The Group completed its annual impairment test on December 31, 2022. Solar and wind plant assets are assessed for impairment on a portfolio-by-portfolio basis where a portfolio of solar and wind plant assets is those contained within the same financing perimeter. Where an indicator of impairment is identified additional analysis is performed on a plant-by-plant basis.

The recoverable amount of solar and wind plant assets has been determined based on a value in use calculation using cash flow projections from financial forecasts approved by senior management covering the life of the solar and wind plant assets.

French tariff cut
The 2021 French finance law published on December 30, 2020 established the principle of a possible reduction in the tariffs for electricity produced by installations with a peak power of more than 250 kW for contracts concluded in application of the decrees of July 10, 2006, January 12, 2010 and August 31, 2010.

The application decree and the ministerial order were published on October 26, 2021. These documents specified the terms of application of this tariff reduction and established a mechanism to prevent the tariff reduction from compromising the economic viability of the producer holding the revised purchase contract, "the safeguard clause". This decree also entrusts the French Energy Commission with defining the conditions and the format of the appeals submitted to it under this clause.

On November 18, 2021, the notifications were received confirming the absence of modification for 12 plants and providing a revised tariff for 18 plants applying from December 1, 2021. However, the group filed appeals in order to benefit from the safeguard clause mechanism for all plants suffering from a reduction. The application of the new tariff was therefore suspended for a maximum period of 16 months.

The intention to reduce the tariffs for electricity was considered an indicator of impairment. The Group assessed the maximum possible reduction in tariff that could be agreed under the safeguard clause on a plant-by-plant basis. These potential feed-in-tariff cuts resulted in an impairment of €48,585,000 of the affected assets in 2021.

The results from the Council of State's decision dated January 27, 2023 were that the arreté, fixing tariff calculations resulting from the tariff cut is cancelled on the grounds of its absence of notification to European Commission. However, the decree and the initial provision of the 2021 finance law are still in force. As the decree is impossible to apply without the arreté referred to in its article 3, the situation is legally uncommon. At this stage, the initial arreté (the one providing the initial tariff) becomes applicable again.

The Group’s understanding is that the French government is still assessing its next course of action and essentially whether to take a new arreté. Discussions between Ministry of Energy Transition and Ministry of Budget are on-going, and an arbitration has not yet been taken.

As at December 31, 2022, the Council of State’s decision had not been announced therefore considering the facts and circumstances available at the reporting date it is appropriate to maintain the impairment to the amount that was calculated for the year-end 2021.

Development assets
In 2021 a decision was made to no longer continue developing the Soma Yamakami and Kita projects in Japan as the economics were no longer considered viable for our shareholders. As a result, the carrying values of these Japanese development projects were fully impaired in 2021.

In 2022, the Group commenced a sales process to dispose of the Kita Project in Japan which was subsequently completed in January 2023 (Note 34). As a result, a partial reversal of the prior year impairment of €3,662,000 has been recognised in 2022.

11 Finance income

	Note	**2022** €’000	2021 €’000
Fair value gain on ineffective interest rate swaps	26	**67,572**	19,378
Interest income on loans to third parties		**881**	1,961
Bank interest received		**455**	252
Gain on cancellation of swaps		**138**	—
Other financial income		**129**	57
		69,175	21,648

Gain on cancellation of swaps refers to the fair value income arising from the cancellation of swaps that were previously considered effective hedging relationships, as part of the Group’s refinancing activities (see Note 26).

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12 Finance expense

	Note	**2022 €'000**	2021 €'000
Interest on bank loans		**96,869**	88,714
Release of capitalised loan arrangement fees		**13,448**	11,215
Interest on corporate loan		**397**	—
Lease interest	32	**8,456**	7,916
Interest payable to shareholder	28	**34,799**	28,349
Interest on non-controlling interest loans		**1,270**	2,484
Provisions – unwinding of discount	24	**1,108**	676
Fair value loss on ineffective interest rate swaps	26	**995**	1,826
Loss on cancellation of swaps		**—**	6,829
Loan prepayment penalties		**—**	272
Other finance expense		**3,420**	2,112
		160,762	150,393

Release of capitalised loan arrangement fees refers to the unwinding of previously paid upfront loan arrangement fees including balances unwound in full upon termination of loans during the year. Further details of the refinanced loans are included in Note 25.

The interest payable to shareholder is paid to Sonnedix Power Holdings Limited (see Note 28).

Loss on cancellation of swaps refers to the fair value charge arising from the cancellation of swaps that were previously considered effective hedging relationships, as part of the Group's refinancing activities (see Note 26).

13 Tax

	Note	**2022 €'000**	2021 €'000
Current income tax expense			
Corporate income tax		**22,295**	8,372
Adjustments in respect of prior years		**(108)**	(2,495)
		22,187	5,877
Deferred tax expense/ (benefit)			
Relating to origination and reversal of temporary differences		**35,325**	(26,595)
Relating to tax losses		**(1,937)**	(4,060)
	14	**33,388**	(30,655)
Total tax expense/ (income)		**55,575**	(24,778)

The Company's prevailing tax rate in Bermuda is 0% by virtue of a 21-year tax exemption expiring in 2035 (2021: 0%). However, the portion of the Group's results relating to subsidiaries operating in other countries is subject to tax at the prevailing rate in the relevant country.

Notes to the consolidated financial statements

The income for the year can be reconciled to the loss per the income statement as follows:

	2022 **€'000**	2021 €'000
Profit/ (loss) before tax	**99,701**	(115,673)
Tax at the Bermudan corporate tax rate of 0%	**—**	—
Effect of different tax rates in operating countries	**26,374**	(26,091)
Adjustment in respect of prior periods	**985**	(17,997)
Expenses not deductible for tax purposes	**3,257**	3,838
Net operating losses not recognised	**17,021**	12,377
Changes in tax rates	**(609)**	626
Italian solidarity contribution	**5,263**	—
Other	**3,284**	2,469
Tax at the effective tax rate of 56% (2021: 24%)	**55,575**	(24,778)

Under prevailing tax regulations, tax returns may not be considered final until they have either been inspected by tax authorities or until the inspection period has expired. The Company and its subsidiaries are open to inspection of all taxes to which they are liable for the last four years or from incorporation, if later. The Company's directors and tax advisors consider that, in the event of a tax inspection, no significant tax contingencies would arise as a result of varying interpretations of the tax legislation applicable to the Group transactions.

A €5,263,000 Italian solidarity contribution has been recognised in 2022 as a result of the Windfall Profits Tax approved by parliament as part of the Italian 2023 budget.

Notes to the consolidated financial statements

14 Deferred tax

	Consolidated statement of financial position		Consolidated income statement	
	2022	2021	**2022**	2021
	€'000	€'000	**€'000**	€'000
Taxable temporary differences, principally accelerated depreciation	**(429,246)**	(271,452)	**19,450**	(31,862)
Changes in tax rates	**(135)**	—	**—**	—
Revaluation of derivatives to fair value	**(78,511)**	4,067	**15,875**	5,267
Losses available for offsetting against future income	**199,809**	136,061	**(1,937)**	(4,060)
Deferred tax expense/ benefit			**33,388**	(30,655)
Deferred tax assets	**36,468**	41,061		
Deferred tax liabilities	**(344,551)**	(172,385)		
Net deferred tax liability	**(308,083)**	(131,324)		

Reconciliation of deferred tax liability, net	**2022**	2021
	€'000	€'000
At 1 January	**(131,324)**	(169,781)
Deferred tax income during the period recognised in income statement	**(33,388)**	30,655
Deferred tax income during the period recognised in other comprehensive income	**(55,243)**	(3,927)
Transfer to disposal group	**656**	2,816
Deferred taxes acquired in acquisitions of subsidiaries (Note 15)	**(5,573)**	12,302
Deferred taxes acquired in business combinations (Note 1615)	**(80,503)**	—
Deferred taxes derecognised on disposals	—	(5,686)
Foreign exchange and other movements	**(2,708)**	2,297
At 31 December	**(308,083)**	(131,324)

The Group has recognised deferred tax assets for unused tax losses carried forward for which it is considered probable that sufficient taxable profit will be generated in the future against which they can be utilised.

As at December 31, 2022, unused tax losses for which a deferred tax asset has not been recognised amounted to €238,349,000 (2021: €149,219,000) and are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

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15 Asset acquisitions

The Group made the following acquisitions of subsidiaries during 2022 which either satisfied the concentration test or did not meet the definition of a business and were therefore treated as asset acquisitions in accordance with IFRS 3.3.

As a result of the acquisitions Sonnedix has increased and diversified its solar power production capacity and development pipeline. It also expects to reduce costs through economies of scale.

Acquisition date	Portfolio	Description of activities	Country	% of voting interests acquired
January 14, 2022	Corso	11MW development solar plant	Chile	100%
February 4, 2022	Alcantara Part 3	358MW portfolio of development solar plants	Italy	60%
March 1, 2022	Hanamazuki	18MW operating solar plant	Japan	100%
March 3, 2022	Hamilton	8MW development solar plant	UK	70%
April 28, 2022	Espiga (El Carrascal)	20MW development solar plant	Spain	100%
June 27, 2022	Aton 23	5MW development solar plant	Italy	100%
June 27, 2022	Brial	10MW portfolio of operating solar plants	Spain	100%
June 28, 2022	Sonne	7MW portfolio of operating solar plants	Spain	100%
June 28, 2022	Vinaceite	9MW operating solar plant	Spain	100%
July 29, 2022	New Solar 1	28MW development solar plant	Italy	100%
August 3, 2022	AMS 3.0	20MW portfolio of development solar plants	Italy	100%
August 3, 2022	Sandalia	118MW portfolio of development solar plants	Italy	100%
October 21, 2022	Bagnolo	68MW development solar plant	Italy	60%
October 28, 2022	Miel	36MW operating solar plant	Spain	100%
November 29,2022 (3 SPVs) December 20, 2022 (1 SPV) December 30, 2022 (1 SPV)	Aria	299MW portfolio of development solar plants	UK	100%
December 07,2022	Don Dario	235MW development solar plant	Chile	100%
December 15,2022	Alcantara Add-on	260MW portfolio of development solar plants	Italy	60%
December 20, 2022	Santhia	7MW development solar plant	Italy	100%
December 23, 2022	Amda	78MW portfolio of development solar plants	Spain	100%

Notes to the consolidated financial statements

The Group made the following acquisitions of subsidiaries during 2021 which satisfied the concentration test and were therefore treated as asset acquisitions in accordance with IFRS 3.3.

Acquisition date	Portfolio	Description of activities	Country	% of voting interests acquired
January 25, 2021	Ampere	16MW portfolio of operating solar plants	Spain	100%
January 28, 2021	Natural Energy	3MW operating solar plant	Italy	100%
February 02, 2021	Taranto	10MW development solar plant	Chile	100%
February 10, 2021	Badajoz	50MW development solar plant	Spain	100%
March 23, 2021	Antolin	5MW portfolio of operating solar plants	Spain	100%
April 08, 2021	Macchiareddu	42MW development solar plant	Italy	100%
April 27, 2021	Saturno Part 1	19MW portfolio of operating solar plants	Italy	100%
May 13, 2021	Murcia	5MW operating solar plant	Spain	100%
May 19, 2021	Saturno Part 2	3MW portfolio of operating solar plants	Italy	100%
June 24, 2021	RIC	300MW portfolio of development solar plants	Spain	100%
August 5, 2021	ZHC	11MW portfolio of operating solar plants	Italy	100%
August 31, 2021	Espiga (Pontones)	15MW development solar plant	Spain	100%
September 06, 2021	Alcantara Part 1	110MW portfolio of development solar plants	Italy	60%
October 08, 2021	DPP - Angamos	11MW development solar plant	Chile	100%
November 5, 2021	Espiga (Posadas)	12MW development solar plant	Spain	100%
November 5, 2021	Espiga (Tabaca)	15MW development solar plant	Spain	100%
November 19, 2021	Hamamatsu	2MW development solar plant	Japan	100%
November 19, 2021	Yonago	1MW operating solar plant	Japan	100%
December 06, 2021	Motegi	16MW development solar plant	Japan	100%
December 09, 2021	DPP – Quebrada de Talca	11MW development solar plant	Chile	100%
December 15, 2021	Santa Lucia	9MW development solar plant	Chile	100%
December 20, 2021	Sunshine	6MW portfolio of operating solar plants	Germany	100%
December 20, 2021	Delph	5MW portfolio of operating solar plants	Italy	100%
December 21, 2021	Albatross	6MW operating solar plant	Spain	100%
December 22, 2021	Espiga (El Mazo)	15MW development solar plant	Spain	100%
December 22, 2021	Alcantara Part 2	52MW development solar plant	Italy	60%
December 22, 2021	Sunvis	1MW operating solar plant	Italy	100%
December 28, 2021	Bilbao	100MW portfolio of operating solar plants	Spain	100%
December 28, 2021	Titan	37MW portfolio of operating solar plants	Spain	100%

Notes to the consolidated financial statements

For the asset acquisitions during 2022, the estimated fair value of the identifiable assets and liabilities at the date of acquisition were as follows:

	Note	Sandalia €'000	Vinaceite €'000	Sonne €'000	Aria €'000	Brial €'000	Miel €'000	Hanamizuki €'000	Other €'000	**2022 Total €'000**	2021 Total €'000
Property, plant and equipment	19	70,834	58,506	48,250	23,293	38,664	35,032	47,023	23,624	**345,226**	631,972
Deferred tax assets	14	—	1,971	—	—	53	206	—	1	**2,231**	20,462
Other non-current assets		—	1,627	—	—	20	506	46	26	**2,225**	7,070
Derivative financial instruments	29	—	—	—	31,220	—	—	—	—	**31,220**	—
Trade and other receivables		2,204	1,191	—	329	957	646	1,002	1,142	**7,471**	35,947
Cash and cash equivalents		11	3,895	—	—	2,357	2,183	3,674	34	**12,154**	31,669
Total assets		**73,049**	**67,190**	**48,250**	**54,842**	**42,051**	**38,573**	**51,745**	**24,827**	**400,527**	**727,120**
Provisions	24	(49)	(1,271)	—	—	(248)	(733)	(338)	—	**(2,639)**	(6,737)
Non-current borrowings	29	—	—	—	—	(231)	(1,286)	(31,207)	(437)	**(33,161)**	(297,379)
Deferred tax liability	14	—	—	—	(7,804)	—	—	—	—	**(7,804)**	(8,160)
Derivative financial instruments	29	—	—	—	—	—	—	—	—	**—**	(6,378)
Short-term borrowings	29	—	—	—	—	—	—	(1,749)	—	**(1,749)**	(17,431)
Trade and other payables		(3,096)	(157)	—	—	(529)	(3,055)	(323)	(1,818)	**(8,978)**	(14,436)
Total liabilities		**(3,145)**	**(1,428)**	**—**	**(7,804)**	**(1,008)**	**(5,074)**	**(33,617)**	**(2,255)**	**(54,331)**	**(350,521)**
Total identifiable net assets at fair value		**69,904**	**65,762**	**48,250**	**47,038**	**41,043**	**33,499**	**18,128**	**22,572**	**346,196**	**376,599**
Non-controlling interest		—	—	—	—	—	—	—	(6,277)	**(6,277)**	(1,228)
Net assets acquired		**69,904**	**65,762**	**48,250**	**47,038**	**41,043**	**33,499**	**18,128**	**16,295**	**339,919**	**375,371**
Cash flows on acquisition											
Net cash acquired		11	3,895	—	—	2,357	2,183	3,674	34	**12,154**	31,669
Cash paid		(41,703)	(65,762)	(48,250)	(47,038)	(41,043)	(33,499)	(18,128)	(16,295)	**(311,718)**	(368,125)
Net cash flow on acquisition		**(41,692)**	**(61,867)**	**(48,250)**	**(47,038)**	**(38,686)**	**(31,316)**	**(14,454)**	**(16,261)**	**(299,564)**	**(336,456)**
Deferred consideration		(28,201)	—	—	—	—	—	—	—	**(28,201)**	(271)
Contingent consideration	24	—	—	—	—	—	—	—	—	**—**	(6,975)

Notes to the consolidated financial statements

16 Business combinations

The Group made the following acquisitions of subsidiaries during 2022 which did not satisfy the concentration test and met the definition of a business and were therefore treated as business combinations in accordance with IFRS 3.3.

As a result of the acquisitions Sonnedix has increased and diversified its renewable energy production capacity, entered Poland which is a new territory for the Group and added wind capacity which is a new technology for the Group.

Acquisition date	**Acquiree**	**Portfolio**	**Description of business**	**Country**	**% of voting interests acquired**
February 17, 2022	Sun Power Energy sp. z o.o., PV 1030 sp. z o.o., Violasol sp. z o.o., WTL10 sp. z o.o., WTL30 sp. z o.o., WTL70 sp. z o.o., WTL90 sp. z o.o., WTL110 sp. z o.o., WTL180 sp. z o.o., WTL190 sp. zo.o., WTL230 sp. z o.o., WTL240 sp. z o.o., WTL250 sp. z o.o., WTL260 sp. z o.o., WTL280 sp. z o.o., WTL290 sp. z o.o., WTL300 sp. z o.o., WTL310 sp. z o.o., WTL320 sp. z o.o., WTL330 sp. z o.o., WTL340 sp. z o.o., WTL350 sp. z o.o., WTL360 sp. z o.o., WTL370 sp. z o.o., WTL380 sp. z o.o., WTL390 sp. z o.o., WTL400 sp. z o.o., WTL410 sp. z o.o., WTL420 sp. z o.o., WTL430 sp. z o.o., WTL440 sp. z o.o., WTL450 sp. z o.o.	SPE	1GW development pipeline of solar plants and a workforce of 20 people	Poland	100%
October 19, 2022	Inversiones Arco 1 SpA, Conejo Solar SpA, Parque Eolico El Arrayan SpA, Don Goyo Holdings SpA, Don Goyo Transmision SpA, Inversiones Arco 2 SpA, Parque Eolico El Nogal SpA, Parque Eolico El Maiten SpA, Inversiones Arco 3 SpA, Parque Solar Amparo del Sol SpA, Parque Solar SpA, Parsosy Illapel 5 SpA, Joaquin Solar SpA, Angela Solar SpA, Las Perdices SpA, Las Codornices SpA, Victoria Solar SpA, Paine Energy SpA, Fotovoltaica Algarrobo SpA, Don Pedro SpA, Arco Admin Holding SpA, Arco Chile Holdings SpA, Administradora Arco SpA, Inversiones Asociadas I SpA, Parque Eolico Carica SpA, Librillo Solar SpA	Arco	290MW portfolio of operating solar and wind plants, 203MW portfolio of development solar and wind plants and a workforce of 28 people	Chile	100%

Notes to the consolidated financial statements

For the acquisitions during 2022, the estimated fair value of the identifiable assets and liabilities at the date of acquisition were as follows:

	Note	Arco €'000	SPE €'000	**2022 Total €'000**
Goodwill	20	2,195	5,676	**7,871**
Intangible assets	20	—	9,978	**9,978**
Property, plant and equipment	19	746,081	22,851	**768,932**
Deferred tax assets	14	43,452	—	**43,452**
Other non-current assets		557	—	**557**
Derivative financial instruments	29	17,626	—	**17,626**
Trade and other receivables		22,235	8	**22,243**
Cash and cash equivalents		21,588	129	**21,717**
Total assets		**853,734**	**38,642**	**892,376**
Provisions	24	(9,895)	—	**(9,895)**
Non-current borrowings	29	(384,724)	—	**(384,724)**
Deferred tax liability	14	(121,027)	(2,928)	**(123,955)**
Short-term borrowings	29	(21,828)	—	**(21,828)**
Trade and other payables		(13,513)	(100)	**(13,613)**
Total liabilities		**(550,987)**	**(3,028)**	**(554,015)**
Total identifiable net assets at fair value		**302,747**	**35,614**	**338,361**
Non-controlling interest		—	—	—
Net assets acquired		**302,747**	**35,614**	**338,361**
Cash flows on acquisition				
Net cash acquired		21,588	129	**21,717**
Cash paid		(302,747)	(35,614)	**(338,361)**
Acquisition costs		(5,685)	(1,269)	**(6,954)**
Net cash flow on acquisition		**(286,844)**	**(36,754)**	**(323,598)**
Deferred consideration		—	—	—
Contingent consideration	24	—	—	—

There are no comparatives presented as there were no acquisitions in 2021 that were treated as business combinations.

The goodwill of €7,871,000 relates to the value of the existing work force's ability to develop and grow the pipeline of development projects. None of the goodwill recognised is expected to be deductible for income tax purposes.

Contingent consideration

The SPE acquisition includes contingent consideration valued at €nil. The fair value of the contingent consideration is calculated using a probability-weighted discounted cash flow, and relates to the following arrangements:

- Remediation actions earn-out – dependent on certain development milestones for a number of projects
- Marciszów earn-out – dependent on achieving grid connections for the Marciszów development project
- Kronospan earn-out – dependent on achieving grid connections for the Kronospan development project
- Kronospan RTB earn-out – dependent on achieving RTB for the Kronospan development project

The range of the undiscounted contingent consideration payable is estimated to be between €nil and €10,702,000. If applicable, the expected payment dates are all estimated to be in 2023.

Notes to the consolidated financial statements

Additional disclosures
Acquisition costs incurred to complete the transactions are recognised within project due diligence costs in administrative expenses (Note 7) in the consolidated income statement.

The fair value of trade and other receivables of €22,243,000 has been assessed to be the same as the book value and is all expected to be collectible.

Derivatives relate to interest rate hedges. Where these have significant fair values at the acquisition date they cannot be recognised as effective hedges and therefore hedge accounting cannot be applied. The subsequent movements in fair value of the ineffective swaps are recognised in the income statement (see Note 26).

From the date of acquisition, the business combinations contributed the following amounts to the continuing operations of the Group:

	SPE	Arco	**2022 Total**
	€'000	€'000	**€'000**
Revenue	—	21,375	**21,375**
Loss after tax	(1,119)	(2,047)	**(3,166)**

Had the business combinations taken place on January 1, 2022, the Group's revenue from continuing operations would have been €782,919,000 and the profit after tax from continuing operations would have been €39,791,000.

17 Non-controlling interests

Sale of non-controlling interest
In 2022, the Group completed the sale of non-controlling interests in the following Japanese projects for a total consideration (net of transaction costs) of €64.2m:

On September 14, 2022:
- 39.6% of the 38.6MW Oita project
- 39.6% of the 36.4MW Kurayoshi project

On October 24, 2022:
- 39.6% of the 55.6MW Hitachi Juo project

On January 13, 2021 the Group completed the sale of non-controlling interests in the following European portfolios for a total consideration of €50m (€19.7m shares, €30.3m shareholder loans):

- 13.36% of the 154MW Aton portfolio in Spain
- 32.95% of the 96MW San Giorgio portfolio in Italy

Purchase of non-controlling interest
On January 29, 2021 the Group purchased an additional 29% of the membership interest of Sun Suwa LLC, increasing its shareholding from 70% to 99%. The total consideration for the purchase was €9.0m.

Notes to the consolidated financial statements

18 Discontinued operations

South Africa
In 2020, following the termination of a previous sales process, the Group relaunched the sales process to sell its 100% controlling interest in Sonnedix Solar South Africa Holdings (Pty) Ltd, which includes a 60% controlling interest in the Prieska solar plant. The assets and liabilities were classified as held for sale on December 31, 2021.

On January 26, 2022 a share purchase agreement was signed, committing the Group to selling its interests in the South African group. The sale subsequently closed on June 3, 2022. The sales process was part of a single co-ordinated plan to dispose of all operations in South Africa, the Group therefore classified the South African group as discontinued operations and the assets and liabilities as held for sale.

The tables below show the results of the discontinued operations which are included in the Group's income statement and cash flow statement respectively. The 2021 results include the results of the Puerto Rican business that was sold during 2021.

Income statement

	2022 €'000	2021 €'000
Revenue	**6,826**	**33,870**
Cost of sales		
Depreciation	—	(23,948)
Other cost of sales	(1,082)	(6,057)
Gross profit	**5,744**	**3,865**
Administrative expenses	(104)	(2,066)
Other operating income	—	15,337
Operating profit	**5,640**	**17,136**
Finance income	176	509
Finance expenses	(3,162)	(8,953)
Foreign exchange loss	(18)	(6,097)
Profit before tax	**2,636**	**2,595**
Tax expense	(171)	(2,918)
Profit / (loss) after tax	**2,465**	**(323)**
Gain/ (loss) on disposal	15,074	(4,065)
Profit / (loss) for the year from discontinued operations	**17,539**	**(4,388)**

The 2021 depreciation charge in respect of the South African operations relates to the replacement of panels at the Prieska solar plant. Depreciation was accelerated on the replaced panels to bring the net book value to €nil prior to derecognition.

In 2021, other operating income from the South African operations includes €15,164,000 relating to the replacement of panels at the Prieska solar plant which were replaced by the EPC contractor at no cost to the Group. The estimated fair value of the solar panels replaced was capitalised in solar plant assets with the corresponding income recognised in profit and loss.

Notes to the consolidated financial statements

Cash flows from discontinued operations

	2022 **€'000**	2021 €'000
Operating activities	**2,963**	17,659
Investing activities	**345**	369
Financing activities	**(2,518)**	(19,932)
Net cash flows	**790**	(1,904)

The table below shows the major classes of assets and liabilities included in the disposal date balance sheet of the South African business and in the Group's balance sheet as held for sale assets and liabilities at December 31, 2021.

Balance sheet – South Africa

	Note	**At Disposal** **€'000**	December 31, 2021 €'000
Assets			
Property, plant and equipment		**63,662**	59,189
Deferred tax assets		**67**	513
Other non-current assets		**3,074**	3,050
Trade and other receivables		**3,321**	4,006
Cash and cash equivalents		**6,377**	5,934
Assets of the disposal group		**76,501**	72,692
Liabilities			
Trade and other payables		**(3,877)**	(4,095)
Provisions		**(1,797)**	(1,691)
Borrowings		**(70,182)**	(67,673)
Deferred tax liability		**(1,925)**	(1,652)
Derivative financial instruments		**(2,794)**	(4,239)
Liabilities of the disposal group		**(80,575)**	(79,350)
Net liabilities of the disposal group		**(4,074)**	(6,658)
Translation reserve		**1,186**	
Non-controlling interest		**5,741**	
Total equity interest		**2,853**	
Gain on disposal	9	**15,697**	
Consideration received		**18,550**	
Cash and cash equivalents of the disposal		**(6,377)**	
Net cash inflow		**12,173**	

	At Disposal **€'000**	December 31, 2021 €'000
Amounts included in accumulated OCI		
Exchange differences on translations of foreign operations	—	(328)
Net loss on effective derivatives	—	(1,834)
Reserves of the disposal group	—	(2,162)

Notes to the consolidated financial statements

19 Property, plant and equipment

The movements in property, plant and equipment are as follows:

	Note	Land €'000	Solar plant assets €'000	Wind plant assets €'000	Transmission line assets €'000	Assets under construction €'000	Offices and equipment €'000	**Total €'000**
Cost								
At January 1, 2022		313,669	4,880,036	—	—	522,522	19,312	5,735,539
Additions		30,516	18,746	23	—	323,903	7,912	381,100
Acquisition of subsidiaries	15	18,492	222,794	—	—	103,940	—	345,226
Business combinations	16	32,601	339,959	311,140	58,544	26,652	36	768,932
Disposal of subsidiaries		(4,188)	—	—	—	(6,895)	—	(11,083)
Transfers		—	372,348	—	—	(372,348)	—	—
Disposals		—	(37,879)	—	—	(4)	(86)	(37,969)
Foreign exchange		(1,085)	(11,645)	19,328	3,637	(39,148)	(256)	(29,169)
At December 31, 2022		**390,005**	**5,784,359**	**330,491**	**62,181**	**558,622**	**26,918**	**7,152,576**
Accumulated depreciation and impairment								
At January 1, 2022		(25,234)	(904,373)	—	—	(23,534)	(4,391)	(957,532)
Disposal of subsidiaries		1,878	—	—	—	6,895	—	8,773
Disposals		—	36,400	—	—	—	82	36,482
Foreign exchange		490	4,320	78	13	1,046	109	6,056
Impairment	10	997	—	—	—	2,665	—	3,662
Charge for the year	6, 7	(12,223)	(316,615)	(5,079)	(830)	—	(2,295)	(337,042)
At December 31, 2022		**(34,092)**	**(1,180,268)**	**(5,001)**	**(817)**	**(12,928)**	**(6,495)**	**(1,239,601)**
Carrying amount								
At December 31, 2022		**355,913**	**4,604,091**	**325,490**	**61,364**	**545,694**	**20,423**	**5,912,975**
At January 1, 2022		288,435	3,975,663	—	—	498,988	14,921	4,778,007

Notes to the consolidated financial statements

	Note	Land €'000	Solar plant assets €'000	Wind plant assets €'000	Transmission line assets €'000	Assets under construction €'000	Offices and equipment €'000	**Total €'000**
Cost								
At January 1, 2021		253,615	4,318,590	—	—	425,780	10,044	5,008,029
Additions		34,608	35,392	—	—	197,767	10,056	277,823
Acquisition of subsidiaries	15	34,224	547,979	—	—	49,596	173	631,972
Disposal of subsidiaries		(7,100)	(127,963)	—	—	(2,625)	(334)	(138,022)
Transfers		—	142,135	—	—	(142,135)	—	—
Transfer from held for sale		—	24,554	—	—	—	—	24,554
Disposals		(634)	(51,427)	—	—	—	(1,167)	(53,228)
Foreign exchange		(1,044)	(9,224)	—	—	(5,861)	540	(15,589)
At December 31, 2021		**313,669**	**4,880,036**	**—**	**—**	**522,522**	**19,312**	**5,735,539**
Accumulated depreciation and impairment								
At January 1, 2021		(13,036)	(645,365)	—	—	(2,410)	(3,632)	(664,443)
Disposal of subsidiaries		672	26,884	—	—	—	242	27,798
Disposals		—	50,961	—	—	—	1,051	52,012
Transfer from held for sale		—	(5,445)	—	—	—	—	(5,445)
Foreign exchange		(135)	(1,937)	—	—	—	(362)	(2,434)
Impairment	10	(3,083)	(48,585)	—	—	(21,124)	—	(72,792)
Charge for the year	6, 7	(9,652)	(280,886)	—	—	—	(1,690)	(292,228)
At December 31, 2021		**(25,234)**	**(904,373)**	**—**	**—**	**(23,534)**	**(4,391)**	**(957,532)**
Carrying amount								
At December 31, 2021		**288,435**	**3,975,663**	**—**	**—**	**498,988**	**14,921**	**4,778,007**
At January 1, 2021		240,579	3,673,225	—	—	423,370	6,412	4,343,586

Notes to the consolidated financial statements

The Group operates solar plants in Spain, France, Italy, Japan, Poland, Chile, Germany, and the UK. The Group operates wind plants in Chile.

Transfers from Assets under construction to Solar plant assets relates to projects that converted from in construction to in operation during 2022 in Japan (124MW), France (12MW) and Chile (10MW).

Solar plant asset disposals during the year relate to repowering activities mostly within Italy (2022: €17,412,000; 2021: €15,647,000) and the Douai relocation in France (2022: €14,534,000; 2021: €nil), see Note 9 for further details.

Solar plant assets include a decommissioning asset with a net book value of €23,255,000 (2021: €23,696,000). Wind plant assets include a decommissioning asset with a net book value of €1,653,000 (2021: €nil).

Wind plant assets and Transmission line assets were acquired as part of the Arco acquisition in Chile, see Note 16 for further details.

The value of capital commitments on tangible assets at December 31, 2022 was €244,272,000 (2021: €325,893,000).

The amount of borrowing costs capitalised during the year was €3,537,000 (2021: €3,260,000). The effective interest rate of the capitalised borrowing costs is 1.42%.

The carrying value of solar plant assets pledged as security for the non-recourse financing is €4,581,330,000 (2021: €3,941,865,000). The carrying value of wind plant assets pledged as security for the non-recourse financing is €325,490,000 (2021: €nil).

20 Intangible assets and goodwill

The movements in intangible assets and goodwill are as follows:

	Note	Goodwill €'000	Contracts with customers €'000	**Total €'000**
Cost				
At January 1, 2022		—	—	—
Business combinations	16	7,871	9,978	17,849
Foreign exchange		17	(209)	(192)
At December 31, 2022		**7,888**	**9,769**	**17,657**
Accumulated amortisation and impairment				
At January 1, 2022		—	—	—
Foreign exchange		—	(4)	(4)
Charge for the year	7	—	(4,066)	(4,066)
At December 31, 2022		**—**	**(4,070)**	**(4,070)**
Carrying amount				
At December 31, 2022		**7,888**	**5,699**	**13,587**
At January 1, 2022		—	—	—

Notes to the consolidated financial statements

Goodwill

The increase in goodwill in the year is attributable to two business combinations, SPE in Poland (€5,676,000) and Arco in Chile (€2,195,000).
For impairment testing, goodwill acquired through business combinations is allocated to the cash-generating units ("CGUs") expected to benefit from the synergies of the combination.

Carrying amount of goodwill allocated to each of the CGUs

	December 31, 2022 €'000
Poland:	
SPE	5,557
Chile:	
Arco	2,331
	7,888

The Group completed an annual goodwill impairment test on December 31, 2022. The CGUs that goodwill has been allocated to are assessed for impairment. Where an indicator of impairment is identified additional analysis is performed on a plant-by-plant basis.

The recoverable amount of the CGUs has been determined based on a value in use calculation using cash flow projections from financial forecasts approved by senior management covering the life of the renewable energy projects.

The calculation of value in use for the CGUs that goodwill has been allocated to is most sensitive to the following assumptions:

- Energy price forecasts – based on forecast energy prices prepared by reputable third-party analysts
- Interest rates – based on forward curves provided by reputable third parties
- Discount rates – based on project specific weighted average cost of capital ("WACC")

At December 31, 2022, there were no indicators of impairment for CGUs that goodwill has been allocated to and therefore no impairment has been recognised in 2022.

Contracts with customers

Within the SPE acquisition the Group acquired a contract to act as a solar project development partner for a third-party engineering, procurement and construction ("EPC") company. The contract includes the right to receive income on the fulfilment of certain development milestones and to participate in a profit share when the EPC company sells the operating solar plant.

Notes to the consolidated financial statements

21 Other non-current assets

	December 31, 2022	December 31, 2021
	€'000	€'000
Reserve accounts	**93,657**	90,251
Derivative financial assets		20,125
Guaranteed deposits	**19,189**	18,304
Advances	**15,512**	2,169
Loans receivable	**9,946**	10,418
Other financial assets	**1,799**	526
	140,103	141,793

Reserve accounts include debt service reserve accounts which is a minimum balance required to be held by the bank in order to protect future debt service obligations and maintenance and other reserve accounts which is a minimum balance required to be held by the bank in order to fund specific future maintenance or other activities. The balance is primarily held in in Spain (2022: €38,258,000; 2021: €34,871,000) and Italy (2022: €31,452,000; 2021: €32,538,000).

Guaranteed deposits are mainly held in Chile (2022: €14,838,000; 2021: €14,925,000), and Spain (2022: €4,074,000; 2021: €2,926,000) and relate to guarantees for PPAs.
Advances are mainly held within Portugal (2022: €12,209,000; 2021: €nil) and relates to advance payments to secure solar development projects that are expected to be acquired in 2023.

Loans receivable primarily relate to International Solar Services Ltd (2022: €4,917,000; 2021: €8,383,000).

22 Trade and other receivables

	December 31, 2022	December 31, 2021
	€'000	€'000
Accrued income	**82,920**	63,942
VAT recoverable	**73,584**	53,553
Trade receivables	**30,408**	38,174
Advances	**16,899**	7,467
Prepayments	**16,463**	10,417
Short-term deposits	**12,798**	63,504
Minority interest shareholder receivables	**4,949**	—
Spare parts inventory	**2,120**	1,740
Interest receivable	**290**	2,293
Other receivables	**4,948**	4,942
	245,379	246,032

The directors consider that the carrying amounts of trade and other receivables approximate their fair value. All amounts are receivable within one year.

Trade receivables and accrued income result from the sale of solar and wind generated electric energy to energy off-takers, such as utility companies. The majority of the trade receivables, which had been invoiced before the year end, lie within Spain (2022: €11,932,000; 2021: €28,362,000), Chile (2022: €7,272,000; 2021: €962,000) and France (2022: €6,240,000; 2021: €5,105,000). Accrued income, which includes amounts invoiced after the year end or settled via other arrangements, lie mainly within Italy (2022: €41,979,000; 2021: €30,608,000) and Chile (2022: €15,052,000; 2021: €3,328,000).

Information about the credit exposures is disclosed in Note 29.

As at December 31, 2022, trade receivables of €30,408,000 (2021: €38,174,000) were fully performing and therefore no significant expected credit losses were recognised.

VAT recoverable at December 31, 2022 is mainly from amounts recoverable on construction of solar plants in Japan (2022: €26,926,000; 2021: €26,859,000) and Chile (2022: €17,315,000; 2021: €4,258,000) and VAT recoverable from operation of solar plants in Italy (2022: €23,160,000; 2021: €15,720,000).

During 2022 the Group closed out its exchange-traded futures contracts and replaced them with OTC forward contracts. The futures contracts were cash collateralised with an additional margin required for short term market volatility in the event of default. There are no equivalent cash margin requirements for the OTC forward contracts. Short-term deposits include €nil (2021: €59,869,000) cash on deposit in respect of energy hedging contracts. See Note 29 for further details on hedging activities.

Minority interest shareholder receivables relates to advance profit distributions paid in Japan to the minority TK investor.

23 Cash and cash equivalents

	December 31, 2022 €'000	December 31, 2021 €'000
Cash	**385,332**	311,489

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets is approximately equal to their fair value.

Current accounts earn market interest rates.

At year end, the Group's cash balances are held in the following currencies:

	December 31, 2022 €'000	December 31, 2021 €'000
Euro	**266,506**	222,262
Japanese yen	**53,425**	61,778
US dollar	**52,309**	18,387
Chilean peso	**12,442**	5,430
British pound	**420**	3,583
Polish zloty	**228**	—
South African rand	**2**	49
	385,332	311,489

24 Provisions

	Note	Decommissioning provision €'000	Long-term incentive plan €'000	Contingent consideration €'000	Regulatory provisions €'000	Onerous contract provision (Note 9) €'000	Other provisions €'000	Total €'000
At January 1, 2021		28,666	—	4,183	—	—	2,713	35,562
Unwinding of discount	12	676	—	—	—	—	—	676
Additions		5,390	9,315	—	27,161	12,810	121	54,797
Acquisition of subsidiaries	15	2,575	—	6,975	3,806	—	356	13,712
Disposal of subsidiaries	18	(1,210)	—	—	—	—	—	(1,210)
Utilised during the year		—	(9,315)	(300)	—	—	—	(9,615)
Change in estimate/fair value		—	—	(1,023)	—	—	(182)	(1,205)
Foreign exchange		265	—	15	—	—	(1)	279
At December 31, 2021		36,362	—	9,850	30,967	12,810	3,007	92,996
Unwinding of discount	12	1,108	—	—	—	—	—	1,108
Additions		2,109	13,803	—	36,081	—	1,419	53,412
Acquisition of subsidiaries	15	1,485	—	—	1,106	—	48	2,639
Business combinations	16	9,895	—	—	—	—	—	9,895
Utilised during the year		—	(2,663)	(2,920)	—	(8,242)	—	(13,825)
Change in estimate/fair value		(6,567)	2,663	(569)	—	(4,568)	(1,180)	(10,221)
Foreign exchange		843	(186)	5	—	—	(25)	637
At December 31, 2022		**45,235**	**13,617**	**6,366**	**68,154**	**—**	**3,269**	**136,641**
Long-term provisions		45,235	13,617	—	40,256	—	3,269	102,377
Short-term provisions		—	—	6,366	27,898	—	—	34,264
At December 31, 2022		**45,235**	**13,617**	**6,366**	**68,154**	**—**	**3,269**	**136,641**

The Group recognises a provision for dismantling and decommissioning costs where it has a contractual obligation to do so, and where the final treatment of the plant is at the option of the land owner. The decommissioning costs have been estimated based on available market data but there is a degree of uncertainty regarding the cost and timings. The dismantling costs are expected to be paid out at the end of the plant useful life.

The long-term incentive plan is a share-based payment scheme (see Note 31).

Notes to the consolidated financial statements

Contingent consideration
Contingent consideration is classified at level 3 within the fair value hierarchy.

As a result of the acquisitions of certain subsidiaries, the Group has entered into the following contingent consideration arrangements. The fair value of contingent consideration is calculated using probability-weighted discounted cash flows.

		Fair value		Undiscounted range		
Portfolio	**Description of arrangement**	**2022 €'000**	**2021 €'000**	**Low €'000**	**High €'000**	**Estimated settlement**
Bird	DSRA earn-out – dependent on the replacement of the debt service reserve account with a debt service reserve facility	—	1,134	N/A	N/A	Settled in 2022
Project 2020	Financing earn-out – dependent on the different scenarios triggered as a result of an extension of the debt tenor by a period of at least seven years	—	52	N/A	N/A	Expired in 2022
Graziella	Tirsole FIT earn-out – dependent on the recognition by the GSE that the Tirsole plant is entitled to an increased feed-in tariff	—	1,889	N/A	N/A	Settled in 2022
Bilbao	O&M contractor bonus earn-out – dependant on the calculation of the bonus due to the O&M contractor under the EPC contract	4,000	4,000	—	4,000	2023
Bilbao	132 kV power line works earn-out – dependant on the evacuation capacity of the project being increased to 38.7 MWn	2,300	2,300	—	2,300	2023
SPE	Remediation actions earn-out – dependent on certain development milestones for a number of projects	—	—	—	3,552	2023
SPE	Marciszów earn-out – dependant on achieving grid connections for the Marciszów development project	—	—	—	3,250	2023
SPE	Kronospan earn-out – dependant on achieving grid connections for the Kronospan development project	—	—	—	2,925	2023
Various	Other contingent consideration arrangements	66	475	—	3,756	2023
		6,366	**9,850**			

Notes to the consolidated financial statements

Regulatory provisions
The regulatory provisions of €68,154,000 relates to excess revenues earned in Spain €42,792,000 (2021: €30,967,000) and Italy €25,362,000 (2021: €nil).

Spain
Under the Spanish Regulated Regime, all remuneration parameters may be modified in each regulatory period, including the value used to calculate the reasonable return of the regulatory useful life of the plants. 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. During 2022 the actual market prices have significantly exceeded the agreed return and therefore a provision is made for the amount expected to be deducted under the regulated regime. The provision has been deducted from revenues from electricity sales in the income statement. The provision is expected to be returned in the next and future regulatory periods. Of the total provision, €2,536,000 is expected to be returned in 2023.

Italy
During 2022, a new law was implemented in Italy (the "Sostegni Ter Decree") which puts in place a price cap mechanism impacting solar plants in Italy that receive a Feed-in-tariff under the Conto Energia incentive mechanism. Revenues for the period from February – December 2022 exceeding a fixed "reference price" are required to be returned to the GSE. A provision has been recognised in 2022 for the amount that is expected to be returned to the GSE in 2023. The provision has been deducted from revenues from electricity sales in the income statement. During 2022, the Sostegni Ter Decree was extended to cover the period from January – June 2023.

In February 2023, the administrative court ("TAR") in Italy declared that the Sostegni Ter Decree was unlawful and incompatible with European law and the principles recently established at the EU level. In March 2023, the Regulatory Authority for Energy, Networks and Environment ("ARERA") filed an appeal to challenge the ruling of the TAR court.

As at December 31, 2022, the TAR court ruling had not been announced therefore considering the facts and circumstances available at the reporting date it is appropriate to maintain the 2022 provisions.

Notes to the consolidated financial statements

25 Borrowings

	Note	**December 31, 2022 €'000**	December 31, 2021 €'000
Secured borrowing at amortised cost			
Senior term bank loans		**4,008,449**	3,476,658
Loan arrangement fees		**(87,936)**	(90,339)
Bonds		**746,222**	776,949
Lease liabilities		**310,186**	250,811
Corporate loan		**—**	1,690
Revolving credit facilities		**101,915**	—
		5,078,836	4,415,769
Unsecured borrowing at amortised cost			
Loans from shareholder	28	**1,090,231**	758,402
Corporate loan		**70,000**	—
VAT loans		**41,141**	32,924
Loans from non-controlling interests		**16,958**	26,853
Other loans		**6**	5,122
		1,218,336	823,301
Total borrowings		**6,297,172**	5,239,070

	December 31, 2022 €'000	December 31, 2021 €'000
Repayable within 1 year (Shareholder loan)	**1,090,231**	758,402
Repayable within 1 year	**442,247**	295,852
Repayable between 1 and 5 years	**1,841,149**	1,315,186
Repayable after 5 years	**2,923,545**	2,869,630
	6,297,172	5,239,070

All secured borrowings are non-recourse. Borrowings are secured only on the assets and contracts of the solar and wind power plants to which they relate. There is no recourse to other Group members. VAT loans are loans from credit institutions agreed at the same time as the financing of renewable energy projects specifically to cover the VAT element of the construction and are repaid when the VAT has been recovered from the local authority, generally within less than two years of drawdown.

Sonnedix Power Holdings Limited provides a shareholder loan at an interest rate of 4% per annum (see Note 28).

Non-controlling interest loans include Fario SAS €15,868,000 (2021: €26,024,000), Yarotek PR LLC €nil (2021: €440,000), Triodos Impact Strategies II NV €nil (2021: €179,000) and ICS Srl. €1,090,000 (2021: €210,000) which bear market rates of interest.

Credit institutions

Details of the Group's principal bank loans, bonds, revolving credit facilities, VAT loans, debt service reserve credit facilities and letter of credit facilities are set out below:

Notes to the consolidated financial statements

December 31, 2022

Currency	Fixed / variable interest	Interest rate	Maturity	Maximum facility €'000	Non-current €'000	Current €'000	Total €'000
Senior term loans (including leases)							
Euro	Variable	EURIBOR + 1.15% to 3.25%	2025 to 2046	2,214,907	1,985,322	183,034	2,168,356
Euro	Fixed	1.35% to 5.00%	2023 to 2034	8,233	6,861	1,372	8,233
Japanese yen	Variable	JPY TIBOR/ JPY TONA + 0.50% to 0.95%	2035 to 2041	1,242,623	1,096,256	62,969	1,159,225
Japanese yen	Fixed	1.55% to 3.65%	2030 to 2038	29,555	27,562	1,993	29,555
US dollar	Variable	USD LIBOR/SOFR + 1.93% to 4.25%	2026 to 2039	598,104	559,286	25,185	584,471
US dollar	Fixed	3.69% to 6.15%	2032 to 2036	63,710	60,542	3,168	63,710
Bonds							
Euro	Fixed	2.20% to 3.72%	2036 to 2041	732,393	687,776	44,617	732,393
Euro	Variable	EURIBOR + 1.60%	2031	13,829	12,305	1,524	13,829
Corporate loan							
Euro	Variable	EURIBOR + 1.20% to 3.75%	2023-2024	70,000	—	70,000	70,000
Revolving credit facilities							
Euro	Variable	EURIBOR + 1.15% to 3.75%	2024 to 2025	115,000	100,000	—	100,000
US dollar	Variable	USD LIBOR + 2.00%	2027	4,671	—	1,915	1,915
VAT loans							
Japanese yen	Variable	JPY TIBOR + 0.30% to 0.40%	2023 to 2026	400,059	6,594	27,901	34,495
Chilean peso	Variable	TAB nominal + 2.00%	2024	5,836	3,959	—	3,959
US dollar	Variable	SOFR + 1.93%	2025	5,938	2,312	—	2,312
Euro	Variable	EURIBOR + 1.10%	2024	1,000	375	—	375
DSR credit facilities							
Euro	Variable	EURIBOR + 1.15% to 3.25%	2028 to 2046	134,272	—	—	—
US dollar	Variable	USD LIBOR/SOFR + 1.93% to 3.00%	2026 to 2039	39,234	—	—	—
Japanese yen	Variable	JPY TIBOR/ TONA + 0.55% to 0.95%	2035 to 2040	35,383	—	—	—
Letter of credit facilities							
Euro	Variable	EURIBOR + 1.75% to 3.00%	2028 to 2031	12,769	—	—	—
US dollar	Variable	USD LIBOR/SOFR + 1.93% to 2.75%	2027 to 2028	47,723	—	—	—
				5,775,239	**4,549,150**	**423,678**	**4,972,828**

December 31, 2021

Currency	Fixed / variable interest	Interest rate	Maturity	Maximum facility €'000	Non-current €'000	Current €'000	Total €'000
Senior term loans (including leases)							
Euro	Variable	EURIBOR + 0.70% to 3.25%	2025 to 2044	2,142,869	1,951,980	171,693	2,123,673
Euro	Fixed	1.35% to 5.00%	2023 to 2034	10,085	8,233	1,852	10,085
Japanese yen	Variable	JPY TIBOR/TONA + 0.50% to 1.21%	2035 to 2041	1,288,014	1,051,541	51,288	1,102,829
Japanese yen	Fixed	1.55% to 3.65%	2030 to 2038	33,796	31,704	2,092	33,796
US dollar	Variable	USD LIBOR + 2.75% to 4.25%	2033 to 2039	183,240	88,880	3,216	92,096
US dollar	Fixed	3.69% to 6.15%	2035 to 2036	50,222	48,202	2,020	50,222
Bonds							
Euro	Fixed	2.20% to 3.72%	2036 to 2041	776,949	733,713	43,236	776,949
Corporate loan							
Euro	Variable	EURIBOR + 2.00%	May-23	15,000	1,690	—	1,690
VAT loans							
Japanese yen	Variable	JPY TIBOR/TONA + 0.30% to 0.95%	2022 to 2026	51,711	24,522	7,627	32,149
Chilean peso	Variable	TAB Nominal + 2.00%	2024	5,470	775	—	775
DSR credit facilities							
Euro	Variable	EURIBOR + 0.70% to 3.25%	2028 to 2044	117,774	—	—	—
Japanese yen	Variable	JPY TIBOR/TONA + 0.60% to 0.95%	2035 to 2040	31,057	—	—	—
Letter of credit facilities							
Euro	Variable	EURIBOR + 1.75% to 3.00%	2028 to 2031	12,769	—	—	—
US dollar	Variable	USD LIBOR + 2.75%	2028	34,332	—	—	—
				4,753,288	3,941,240	283,024	4,224,264

Notes to the consolidated financial statements

The interest rates shown in the tables above exclude the effect of related interest rate swaps on the variable rates. The Group has a policy of hedging or fixing >70% of the loans in each currency to reduce the interest rate exposure (see Note 29).

Fair value of borrowings

The secured borrowings , VAT loans and the unsecured corporate loan are classified as Level 2 within the fair value hierarchy. The carrying values and fair values calculated using the discounted cash flows are:

	December 31, 2022		December 31, 2021	
		€'000		€'000
	Carrying value	**Fair value**	Carrying value	Fair value
Secured borrowing at amortised cost				
Senior term bank loans	**4,008,449**	**3,999,759**	3,476,658	3,483,272
Loan arrangement fees	**(87,936)**	**(87,936)**	(90,339)	(90,339)
Bonds	**746,222**	**654,836**	776,949	783,205
Lease liabilities	**310,186**	**310,112**	250,811	250,756
Corporate loan	**—**	**—**	1,690	1,690
Revolving credit facilities	**101,915**	**101,915**	—	—
	5,078,836	**4,978,686**	4,415,769	4,428,584
Unsecured borrowing at amortised cost				
Corporate loan	**70,000**	**70,000**	—	—
VAT loans	**41,141**	**41,141**	32,924	32,924
	111,141	**111,141**	32,924	32,924
Total level 2 borrowings	**5,189,977**	**5,089,827**	4,448,693	4,461,508

There is no difference between the book and fair value of the other unsecured borrowings.

Loan covenants

Over the term of the senior term bank loans, VAT loans, revolving credit facilities, bonds and leases, the solar and wind power plant companies must meet certain covenant requirements based on ratios calculated from their financial statements. In the event of failure to meet these ratios the lenders can exercise their rights to accelerate the project loan and take control of the assets and shares pledged as collateral. The most relevant ratio is Debt Service Coverage Ratio ("DSCR"). The minimum DSCR ratio ranges from 1.00 to 1.30, for those loans that require it.

Some of the loans have additional requirements that must be met before distributions can be made to shareholders.

During the period ended December 31, 2022 none of the loans of the Group were in default as a result of non-compliance with loan covenants.

New Japanese financings

In March 2022, Sonnedix completed the non-recourse financing of the Yonago and Hamamatsu projects in Japan for a total debt amount of €5.8m. The financing included secured long-term floating rate bank debt and a VAT loan. As a result of the financing, €0.1m of loan arrangement fees and transaction costs have been capitalised and will be amortised over the term of the loan. At December 31, 2022, the amount drawn down and outstanding was €5.2m of the senior term bank loan.

Notes to the consolidated financial statements

In March 2022, Sonnedix completed the non-recourse financing of the Motegi project in Japan for a total debt amount of €55.4m. The financing included secured long-term floating rate bank debt, a VAT loan and a debt service reserve facility. As a result of the financing, €0.7m of loan arrangement fees and transaction costs have been capitalised and will be amortised over the term of the loan. At December 31, 2022, the amount drawn down and outstanding was €25.3m of the senior term bank loan and €1m of the VAT loan.

Japanese refinancings
In March 2022, Sonnedix completed the non-recourse refinancing of the Hanamazuki project in Japan for a total debt amount of €45.7m. The financing included secured long-term floating rate bank debt and a debt service reserve facility. As a result of the financing, €0.5m of loan arrangement fees and transaction costs have been capitalised and will be amortised over the term of the loan. At December 31, 2022, the amount drawn down and outstanding was €42.1m of the senior term bank loan.

In November 2022, Sonnedix completed the non-recourse refinancing of the Yamadamachi project in Japan for a total debt amount of €75.9m. The financing included secured long-term floating rate bank debt and a debt service reserve facility. As a result of the financing, €0.8m of loan arrangement fees and transaction costs have been capitalised and will be amortised over the term of the loan. At December 31, 2022, the amount drawn down and outstanding was €72.8m of the senior term bank loan.

New Spanish financings
In March 2022, Sonnedix completed the non-recourse financing of the Albatross project in Spain for a total debt amount of €26.4m. The financing included secured long-term floating rate bank debt and a debt service reserve facility. In June 2022, the financing was extended to include the Sonne, Vinaceite and Brial projects for an additional debt amount of €122.3m. As a result of the financing, €2.8m of loan arrangement fees and transaction costs have been capitalised and will be amortised over the term of the loan. At December 31, 2022, the amount drawn down and outstanding was €136.6m of the senior term bank loan.

In July 2022, Sonnedix completed the non-recourse financing of the Galisteo project in Spain for a total debt amount of €28.3m. The financing included secured long-term floating rate bank debt and a debt service reserve facility. As a result of the financing, €0.5m of loan arrangement fees and transaction costs have been capitalised and will be amortised over the term of the loan. At December 31, 2022, the amount drawn down and outstanding was €24.9m of the senior term bank loan.

In July 2022, Sonnedix completed the non-recourse financing of the Titan project in Spain for a total debt amount of €19.3m. The financing included secured long-term floating rate mezzanine bank debt and a debt service reserve facility. As a result of the financing, €0.4m of loan arrangement fees and transaction costs have been capitalised and will be amortised over the term of the loan. At December 31, 2022, the amount drawn down and outstanding was €18.2m of the mezzanine bank loan.

In August 2022, Sonnedix completed the non-recourse financing of the Espiga projects in Spain for a total debt amount of €71.2m. The financing included secured long-term floating rate bank debt and a debt service reserve facility. As a result of the financing, €0.9m of loan arrangement fees and transaction costs have been capitalised and will be amortised over the term of the loan. At December 31, 2022, the amount drawn down and outstanding was €27.6m of the senior term bank loan.

Chilean refinancing
In August 2022, Sonnedix completed the non-recourse refinancing of the Metro portfolio in Chile for a total debt amount of €75.7m. The financing included secured long-term floating rate bank debt, a VAT loan, a debt service reserve facility and a letter of credit facility. As a result of the refinancing, €2.9m of loan arrangement fees and transaction costs have been capitalised and will be amortised over the term of the loan. At December 31, 2022, the amount drawn down and outstanding was €48.6m of the senior term bank loan and €2.3m of the VAT loan.

New French financings
In December 2022, Sonnedix completed the non-recourse financing of the Soleol IV project in France for a total debt amount of €5.8m. The financing included secured long-term floating rate bank debt, a VAT loan and a debt service reserve facility. As a result of the financing, €0.1m of loan arrangement fees and transaction costs have been capitalised and will be amortised over the term of the loan. At December 31, 2022, the amount drawn down and outstanding was €2.4m of the senior term bank loan and €0.4m of the VAT loan.

In December 2022, Sonnedix completed the non-recourse financing of the Lavansol M9 project in France for a total debt amount of €9.5m. The financing included secured long-term floating rate bank debt and a debt service reserve facility. As a result of the financing, €0.1m of loan arrangement fees and transaction costs have been capitalised and will be amortised over the term of the loan. At December 31, 2022, the amount drawn down and outstanding was €8.6m of the senior term bank loan.

New corporate facility
In April 2022, Sonnedix closed a short-term credit facility for general corporate purposes for a total debt amount of €70m. At December 31, 2022, the amount drawn down and outstanding was €70m.

26 Derivative financial instruments

	December 31, 2022	December 31, 2021
	€’000	€’000
Derivatives designated as hedging instruments		
Financial assets		
Effective interest rate swaps	**276,477**	13,723
Ineffective interest rate swaps	**72,337**	**—**
Effective energy price hedges	**26,479**	6,377
Ineffective energy price hedges	**29,668**	**—**
Foreign exchange contracts	—	25
	404,961	20,125
Financial liabilities		
Effective interest rate swaps	—	(46,295)
Ineffective interest rate swaps	**(3,052)**	(13,556)
Effective energy price hedges	**(2,205)**	—
Foreign exchange contracts	**(41)**	—
	(5,298)	(59,851)
	399,663	(39,726)

The Group holds 143 interest rate swaps (2021: 126) to hedge a portion of the exposure to changes in interest rates. The increase can be attributed to the acquisitions of projects made during the year and additional swaps taken out as part of refinancing of loans. During the year, €7,290,000 (2021: €14,436,000) of interest charges on the swap contracts was recognised in the income statement. Details of the nominal amounts and maturities are disclosed in Note 29.

The Group has obtained contracts for difference to hedge exposure to variable energy market prices for six solar plants with the contracts ending between 2039 and 2045. The valuation of these derivatives is based on forecast energy prices prepared by reputable third-party analysts. Ineffective energy price hedges are as a result of accounting for acquisitions as part of the consolidated financial statements.

Notes to the consolidated financial statements

The Group also uses OTC forward contracts to hedge energy prices in Italy (see Note 29).

The effective portion of the gain or loss on hedging instruments is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss.

In 2022 a €67,572,000 gain and a €995,000 loss (2021: €19,378,000 gain and a €1,826,000 loss) have been recognised in the income statement representing the movement in the fair value of the ineffective hedging instruments in the year and the transfer of fair values from cash flow hedge reserve to profit and loss on the termination of hedges. The ineffectiveness is mainly a result of accounting for acquisitions as part of the consolidated financial statements.

The net movement in other comprehensive income can be broken down as follows:

	2022 **€'000**	2021 €'000
Opening balance	**(64,562)**	(74,462)
Reclassification during the year to profit or loss, gross	**(138)**	6,829
Reclassification during the year to profit or loss, tax effect	**—**	(1,639)
Net gain during the year on effective hedges	**316,962**	8,611
Tax on items recognised in other comprehensive income	**(55,243)**	(3,901)
Disposal of subsidiaries	**2,033**	—
Foreign exchange	**1,038**	—
Net cash flow hedge reserve at December 31	**200,090**	(64,562)
Attributable to:		
Owners of the Company	**179,884**	(60,675)
Non-controlling interest	**20,206**	(2,053)
Amount included in held for sale reserve	**—**	(1,834)
	200,090	(64,562)

All derivative instruments are classified as level 2 within the fair value hierarchy whereby fair value measurements have been determined by reference to observable data in quoted markets at the balance sheet date.

As at December 31, 2022, the mark-to-market value of derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognised at fair value.

Notes to the consolidated financial statements

27 Trade and other payables

	Note	**December 31, 2022 €'000**	December 31, 2021 €'000
Accruals		**54,981**	31,148
Trade payables		**37,447**	32,293
Deferred consideration		**28,326**	394
Taxation and social security		**13,334**	21,445
Bonus payable		**8,558**	7,122
Accrued interest on bank loans		**6,010**	7,066
Amounts due to related parties	28	**119**	83
Long-term incentive plan		**399**	4,934
Deposits received		**709**	2,726
Other payables		**3,416**	2,482
		153,299	109,693

28 Related party disclosures

The Company's shareholder is Sonnedix Power Holdings Limited.

As at December 31, 2022, the ultimate parent company is IIF Int Holding LP.

During the year, Group companies entered into the following transactions with related parties who are not members of the Group:

	Nature of the relationship	**2022 €'000**	2021 €'000
Purchase of goods / services			
Interest charge			
Sonnedix Power Holdings Limited	Shareholder	**34,799**	28,349

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. There have been no guarantees provided or received for any related party receivables or payables. For the year ended December 31, 2022, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2021: €nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

The outstanding balances with related parties are as follows:

	Note	**December 31, 2022 €'000**	December 31, 2021 €'000
Loans payable	25	**(1,090,231)**	(758,402)
Current accounts payable	27	**(119)**	(83)
		(1,090,350)	(758,485)

Notes to the consolidated financial statements

Shareholders
On December 18 2014, Sonnedix Solar Holdings Limited. entered into a loan agreement with Sonnedix Power Holdings Limited granting an unsecured facility of €500,000,000., On February 28, 2017 the facility was increased to €1,500,000,000. The loan has fixed interest rate at 4.0% per annum and is available until December 31 2024. On September 27, 2022 the facility was increased to €5,000,000,000 and the availability period extended to December 31, 2050. The loan is repayable at one month's notice.

On February 14, 2023, the shareholder loan agreement was amended such that it is no longer repayable at one month's notice. The loan facility is available until December 31, 2050.

Compensation of key management personnel

	Note	**2022** **€'000**	2021 €'000
Short-term employee benefits		**4,677**	6,127
Post-employment benefits		**93**	83
Share-based payment transactions	31	**3,522**	3,375
		8,292	9,585

The key management personnel of the Group is made up of the Board of Directors and several members of senior management.

At December 31, 2022 and 2021 the Group had no pension plans for former or current members of the Board of Directors nor had it given any guarantees on their behalf. At December 31, 2022 and 2021 no advances had been given to members of the Board of Directors.

29 Financial instruments

The Group is exposed to the risks that arise from its use of financial instruments. This note describes the objectives, policies and processes of the Group for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

Significant accounting policies
Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each item of financial asset, financial liability and equity instrument are disclosed in the accounting policies section of the financial statements.

Notes to the consolidated financial statements

Classes of financial instruments

At the end of the year, the Group held the following financial instruments:

	Note	**December 31, 2022 €'000**	December 31, 2021 €'000
Financial assets			
Level 1:			
Cash and bank balances	23	**385,332**	311,489
Loans and receivables	21, 22	**314,783**	332,259
Level 2:			
Interest rate swaps	26	**348,814**	13,723
Energy price hedges	26	**56,147**	6,377
Foreign exchange forward contracts	26	**—**	25
		1,105,076	663,873
Financial liabilities			
Level 1:			
Other liabilities at amortised cost	25, 27	**(1,247,170)**	(878,625)
Level 2:			
Other liabilities at amortised cost	25	**(5,189,977)**	(4,448,693)
Interest rate swaps	26	**(3,052)**	(59,851)
Energy price hedges	26	**(2,205)**	—
Foreign exchange forward contracts	26	**(41)**	—
Level 3:			
Contingent consideration	24	**(6,366)**	(9,850)
		(6,448,811)	(5,397,019)

Fair value of financial instruments

Interest rate swaps, foreign exchange forward contracts, energy price hedges (see Note 26) and other financial assets (see Note 21) are measured at fair value. The fair values are based on a combination of bank valuation reports, forward pricing and swap models.

There is no difference between the book value and the fair value of the other financial instruments, except for the secured borrowings , VAT loans and unsecured corporate loan for which the fair values are disclosed in Note 25.

There were no significant unobservable inputs used in our valuation techniques with the exception of contingent consideration which is classified at level 3 within the fair value hierarchy (Note 24)**Error! Reference source not found.**.

Notes to the consolidated financial statements

Changes in liabilities arising from financing activities

	Note	Borrowings (Note 25) €'000	Derivatives (Note 26) €'000	Total €'000
At January 1, 2021		4,707,384	113,683	4,821,067
Cash drawdowns / (settlements)		193,696	(15,207)	178,489
Acquisition of subsidiaries	15	314,810	6,378	321,188
Disposal of subsidiaries		(11,107)	—	(11,107)
Lease additions (net)		43,817	—	43,817
Change in fair value		—	(64,453)	(64,453)
Foreign exchange movement		(23,738)	(675)	(24,413)
Other		14,208	—	14,208
At December 31, 2021		5,239,070	39,726	5,278,796
Cash drawdowns / (settlements)		626,668	(539)	626,129
Acquisition of subsidiaries	15	34,910	(31,220)	3,690
Business combinations	16	406,552	(17,626)	388,926
Disposal of subsidiaries		(4,836)	—	(4,836)
Lease additions (net)		26,736	—	26,736
Change in fair value		—	(390,479)	(390,479)
Foreign exchange movement		(47,112)	475	(46,637)
Other		15,184	—	15,184
At December 31, 2022		**6,297,172**	(399,663)	5,897,509

Financial risk management
The Group risk management policies have been approved by the Group's directors. Based on these policies, the Group's finance department has established a series of procedures and controls which make it possible to identify, measure, and manage the risks arising from financial instrument activity. These policies establish that no trading in derivatives for speculative purposes will be undertaken by the Group.

Financial instrument activity exposes the Group to credit, market and liquidity risk.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk arises principally from the Group's trade and other receivables and its cash balances. The Group gives careful consideration to which organisations it uses for its banking services in order to minimise credit risk. Credit risk is managed by reference to counterparty credit ratings and by regular review of these ratings. The Group's counterparties generally have a rating of Baa1 or higher from Moody's ratings agency.

The customers of the Group are major utilities and large corporations, and other receivables are mainly regarding indirect taxes receivable from Public Administrations. Due to the above, the directors believe that the Group currently has no need to implement a specific credit scoring policy with regards to assessing the credit quality of potential new customers.

There are no significant concentrations of credit risk at the balance sheet date.

At December 31, 2022, the Group held no collateral as security against any financial asset. The carrying amount of financial assets recorded in the financial statements, net of any allowances for expected losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained. At December 31, 2022, no financial assets were past their due date and there has been no impairment of financial assets during the year (2021: nil).

Market risk
Market risk exists when a potential loss may arise from fluctuations in the fair value or future cash flows of a financial instrument due to changes in market prices. Market risk comprises energy price risks, interest rate risk and currency risk.

Energy price risk
Sonnedix seeks to sell the majority of the solar and wind power electricity generated by its portfolio of plants on fixed price long-term Feed-In-Tariffs ("FITs") or Power Purchase Agreements ("PPAs") in order to limit exposure in the near term to changes in market prices of electricity. In 2022, across all of the jurisdictions in which the Group operates 22% (2021: 12%) of revenue was exposed to market price movements where electricity is sold at spot rate.

The Group's electricity sales in Italy are exposed to spot rate variability. The Group had hedged part of the following year's electricity production in Italy using exchange traded futures contracts. During 2022 these futures contracts were closed and replaced with OTC forward contracts. The fair value of these forward contracts is a €26m asset (2021: €nil).

There is a risk that local regulatory changes in the countries in which we operate will result in changes to the FITs, however our strategy is to operate in only OECD countries where there is a lower risk of retrospective changes to FITs.

French tariff cut
On December 30, 2020 the French finance law for 2021 was adopted definitively with a possible reduction to the FITs for certain installations in France.

The results from the Council of State's decision dated January 27, 2023 was that the arreté, fixing tariff calculations resulting from the tariff cut is cancelled on the grounds of its absence of notification to European Commission. However, the decree and the initial provision of the 2021 finance law are still in force. As the decree is impossible to apply without the arreté referred to in its article 3, the situation is legally uncommon. At this stage, the initial arreté (the one providing the initial tariff) becomes applicable again.

The Group's understanding is that the French government is still assessing its next course of action and essentially whether to take a new arreté. Discussions between Ministry of Energy Transition and Ministry of Budget are on-going and an arbitration has not yet been taken.

These potential feed-in-tariff cuts resulted in an impairment of the affected assets in 2021. For further information see Note 10.

Italy Sostegni Ter Decree
During 2022, a new law was implemented in Italy (the "Sostegni Ter Decree") which puts in place a price cap mechanism impacting solar plants in Italy that receive a Feed-in-tariff under the Conto Energia incentive mechanism. Revenues for the period from February – December 2022 exceeding a fixed "reference price" are required to be returned to the GSE. During 2022, the Sostegni Ter Decree was extended to cover the period from January – June 2023.

In February 2023, the administrative court ("TAR") in Italy declared that the Sostegni Ter Decree was unlawful and incompatible with European law and the principles recently established at the EU level. In March 2023, the Regulatory Authority for Energy, Networks and Environment ("ARERA") filed an appeal to challenge the ruling of the TAR court.

A provision has been recognised in 2022 for the expected revenues to be returned to the GSE, see Note 24 for further details.

Notes to the consolidated financial statements

Interest rate risk
Interest rate risk arises when there is a possible loss due to fluctuations in the fair value or future cash flows of a financial instrument due to changes in market interest rates. The Group is exposed to changes in interest rates through its borrowings received at floating interest rates. The floating interest rates on loans are linked to either EURIBOR, JPY TIBOR, JPY TONA, USD LIBOR or SOFR.

The Group manages its interest rate risk by taking out long-term interest rate swaps to cover >70% of the loans in each currency to reduce the interest rate exposure. As at the year end, interest rate hedging instruments with a combined notional value of €3,171.7m (2021: €2,513.7m) had been put in place against the European, Japanese and Chilean (USD) debt. The instruments switch variable interest rates to fixed interest rates between -0.43% and 5.02% on European debt, 0.83% to 2.66% on Chilean (USD) debt and between 0.25% to 1.87% for Japanese debt. Additional credit spread margins are charged on the borrowings – as set out in Note 25. The fair value of the interest rate swap non-current liabilities totals €3.1m (2021: €59.9m) and the fair value of the interest rate swap non-current assets totals €348.8m (2021: €13.7m) (see Note 26). The Group's swaps will reach maturity within 2-21 years.

The fair values of the interest rate swaps are also impacted by fluctuations in market interest rates. For the swaps that are effective and hedge accounting is applied, the movements in fair values are recorded in OCI; for those that are ineffective, the movements are recorded in the income statement.

Taking into account hedging instruments, the breakdown of borrowings based on the type of interest rate is as follows:

	2022	2021
	€'000	€'000
Loans from third parties at floating interest rate hedged through a fixed-interest swap	**3,215,752**	2,194,636
Loans from third parties at fixed-interest rate	**2,139,222**	2,125,885
Total fixed-interest borrowings	**5,354,974**	4,320,521
Loans at floating interest rate without hedge	**942,198**	918,549
Total borrowings	**6,297,172**	5,239,070

Interest rate sensitivity analysis
The sensitivity analysis below has been determined based on all financial assets and financial liabilities exposed to variable interest rates at the balance sheet date and the fair value movements of material interest rate swaps. The analysis is prepared assuming the amount of the liability outstanding at the balance sheet date was outstanding for the whole year. A 1% increase / decrease is used based on what Sonnedix management views to be a reasonably possible change for the coming year.

Based on a +1/-1% movement in interest rates, the profit for the year ended December 31, 2022 would increase / decrease by €23,604,000 (2021: €5,816,000). There would be a net gain / loss in equity of €150,383,000 (2021: €74,538,000).

Interest rate benchmark reform
The Group's main exposure to IBORs is based on EURIBOR, USD LIBOR and JPY TIBOR.

The Group has identified loans and interest rate swaps that will be affected by the IBOR transition process and Treasury and local project finance teams are engaged with lenders to manage the transition process.
The Group identified instruments which are exposed to the discontinuation of interest rate benchmarks. Based on this analysis, the Group has identified USD LIBOR as the main benchmark that has exposure. USD LIBOR will become unrepresentative after June 30, 2023 and the alternative reference rate will be SOFR. In hedge accounting, the Group holds interest rate swaps referencing to USD LIBOR being recognised as cash flow hedges.

Notes to the consolidated financial statements

The table below shows the Groups exposure to USD LIBOR as at the year end.

	December 31, 2022 €'000	December 31, 2021 €'000
Non-derivative financial liabilities	(537,814)	(92,096)
Derivative financial assets	37,652	324
Derivative financial liabilities	—	(4,300)
	(500,162)	(96,072)

The JPY LIBOR transition to JPY TONA was completed in 2021. Two loans and the two associated interest rate swaps transitioned from JPY LIBOR to JPY TONA, in addition the spread was amended in line with the procedure set up by the Japanese central bank so that the change is done on an arbitrage basis. As the contractual changes were a direct consequence of the change from JPY LIBOR to JPY TONA the Group applied the practical expedient to treat the change as a change in floating interest rate. In addition, for the interest rate swaps that transitioned from JPY LIBOR to JPY TONA the Group applied the practical expedient to change the hedge designation and documentation without the hedging relationship being discontinued.

No IBOR transitions occurred during 2022.

Foreign exchange risk
The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Group is mainly exposed to fluctuations in the US dollar and Japanese yen. Other currencies used in the Group are the British pound, Chilean peso and Polish zloty. The Group will hedge known foreign exchange exposures, with the exception of US dollar, if changes in exchange rates would have a material impact on project returns, or where it is contractually obliged.

At December 31, 2022, the carrying amounts of the Group's foreign currency denominated monetary assets and liabilities are as follows:

	US dollar €'000	Japanese yen €'000	South African rand €'000	Other €'000	Total €'000
Current assets	53,411	52,143	—	3,302	108,856
Cash and cash equivalents	52,324	53,425	2	13,090	118,841
Non-current liabilities	(829,870)	(1,146,071)	—	(24,518)	(2,000,459)
Current liabilities	(60,553)	(101,242)	—	(6,249)	(168,044)
	(784,688)	**(1,141,745)**	**2**	**(14,375)**	**(1,940,806)**

At December 31, 2021, the carrying amount of the Group's foreign currency denominated monetary assets and liabilities are as follows:

	US dollar €'000	Japanese yen €'000	South African rand €'000	Other €'000	Total €'000
Current assets	10,177	38,541	72,692	1,445	122,855
Cash and cash equivalents	18,337	61,778	49	9,013	89,177
Non-current liabilities	(235,697)	(1,147,137)	—	(4,511)	(1,387,345)
Current liabilities	(17,435)	(65,363)	(79,350)	(6,621)	(168,769)
	(224,618)	**(1,112,181)**	**(6,609)**	**(674)**	**(1,344,082)**

Notes to the consolidated financial statements

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 10% decrease in euro against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's best assessment of the reasonable possible changes in foreign exchange rates. The sensitivity analysis includes only the outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 10% movement in foreign currency rates.

The table below shows the effect of a 10% strengthening of the foreign currencies against the euro. If there was a 10% weakening there would be an equal and opposite impact.

	Income statement		**Comprehensive income**	
	2022	2021	**2022**	2021
	€'000	€'000	**€'000**	€'000
US dollar impact	**4,226**	2,386	**(43,842)**	(17,759)
Japanese yen impact	**(5,408)**	264	**(13,907)**	(9,067)
British pound impact	**1,643**	(152)	**(10,391)**	(2,739)
Other currency impact	**957**	(13)	**(3,515)**	723

The exchange rates used in preparation of this report were as follows:

	US dollar	Japanese yen	South African rand	British pound	Chilean peso	Polish zloty
	€	€	€	€	€	€
Rate at January 1, 2022	1.1370	130.90	18.1287	0.8413	968.98	4.5869
Average rate for year	1.0539	138.06	17.2425	0.8525	915.37	4.6905
Rate at December 31, 2022	1.0705	140.41	18.2405	0.8853	908.16	4.6852

Notes to the consolidated financial statements

Liquidity risk
Liquidity risk is the possibility that the Group will have insufficient funds or will not have access to sufficient funds at an acceptable cost to meet its payment obligations at all times. The Group's objective is to maintain sufficient available funds.

The shareholder loan, due to Sonnedix Power Holdings Limited, included within borrowings below is repayable to at one month's notice. Sonnedix Power Holdings Limited has confirmed in writing to the Company that it will provide financial support, to the extent necessary, for a period of at least 12 months from the date of signing of these financial statements.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual gross undiscounted payments.

December 31, 2022	Note	Within 1 year €'000	1 to 5 years €'000	After 5 years €'000	Total €'000
Borrowings (excl. lease liabilities)		1,680,211	2,260,154	3,162,157	7,102,522
Lease liabilities		19,376	80,884	296,915	397,175
Derivative financial instruments		(36,363)	(104,040)	(88,966)	(229,369)
Contingent consideration		6,366	—	—	6,366
Trade and other payables	27	153,299	—	—	153,299
		1,822,889	**2,236,998**	**3,370,106**	**7,429,993**

December 31, 2021	Note	Within 1 year €'000	1 to 5 years €'000	After 5 years €'000	Total €'000
Borrowings (excl. lease liabilities)		1,104,332	1,475,278	2,982,757	5,562,367
Lease liabilities		13,662	60,410	234,551	308,623
Derivative financial instruments		20,619	62,252	23,124	105,995
Contingent consideration		5,075	4,775	—	9,850
Trade and other payables	27	109,693	—	—	109,693
		1,253,381	**1,602,715**	**3,240,432**	**6,096,528**

Ultimate responsibility for liquidity risk rests with the Group's Board of Directors. The Board manages liquidity risk by regularly monitoring the Group's cash flow projections to ensure sufficient cash is available to meet operational needs so that the Group does not breach borrowing limits. The Group nurtures good relationships with its banks which have high credit ratings and its cash requirements are anticipated via the budgeting process. As at December 31, 2022 the Group had €385,332,000 (2021: €311,489,000) of cash (see Note 23). In order to ensure financing of both existing and future renewable energy projects, the Group is in continuing debt financing activities.

Capital risk management
The capital structure of the Group consists of net debt, which includes the non-recourse borrowings at project level disclosed above after deducting cash and cash equivalents, unsecured shareholder loan, and equity attributable to equity holders of the Company, comprising members' capital, reserves and retained earnings as disclosed in the statement of changes in equity.

The Group manages its capital to ensure that it remains sufficiently funded to support its business strategy and maximise shareholder value. In order to achieve this objective, the Group's capital management aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. There have been no breaches in the financial covenants which would cause us to be in default of any interest-bearing loans and borrowings in the current period.

Notes to the consolidated financial statements

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may return capital to shareholders or issue new shares. The Group's policy is to obtain debt finance for individual projects, with a gearing ratio of between 70% and 85%.

30 Share capital

	December 31, 2022		December 31, 2021	
	Issued	**Fully paid**	Issued	Fully paid
Ordinary shares	**No of shares**	**€**	No of shares	€
Common €1 shares	**10,000**	**10,000**	10,000	10,000

31 Share-based payments

Certain employees of the Company are participating in a long-term incentive programme ("LTIP") run by the Company's parent, Sonnedix Power Holdings Limited.

Each participant of the scheme is issued LTIP Units which have a two-year vesting period. The pay-out relating to each LTIP Unit is linked to the increase in the fair value (net asset value) of the Group, taken from the value at the beginning of the vesting period to the value at the end of the vesting period for each class of Units. The vesting period for the current LTIP Units (Class D) began on 1 January 2020.

The LTIP charge included in the income statement (see Note 8) for 2022 is €16,466,000 (2021: €9,315,000). The pay-out relating to each LTIP Unit is linked to the increase in the fair value (net asset value) of the Group, taken from the value at the beginning of the vesting period of each class of LTIP Unit to the value at the end of the vesting period. The vesting period for Class E units began on January 1, 2022 and were issued to participants on that date.

LTIP participants are not entitled to dividends or equity in the Group. The LTIP is classified as a graded vesting cash-settled share-based payment programme in the accounts of Sonnedix Power Holdings Limited.

The fair value of the liability for the LTIP is recognised over the period from grant date to settlement and is remeasured at each reporting date.

32 Leases

The Group has lease contracts for land, solar plant assets and offices. Leases of land have lease terms between 2 and 50 years, leases of solar plants have lease terms between 7 and 15 years and leases of offices have lease terms between 1 and 16 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

The Group also has certain office leases with terms of 12 months or less and leases of office equipment with low value. The Group applies the short-term lease and lease of low-value assets recognition exemptions for these leases.

Notes to the consolidated financial statements

Set out below are the carrying amounts of leased assets (included in property, plant and equipment) and the movements during the period:

	Land €'000	Solar plant assets €'000	Offices €'000	Total €'000
At January 1, 2021	179,880	40,825	4,036	224,741
Additions	34,459	—	7,765	42,224
Acquisition of subsidiaries	27,158	37,294	—	64,452
Disposal of subsidiaries	(5,891)	—	(15)	(5,906)
Disposals	(238)	—	(4)	(242)
Reclassification	—	(44,804)	—	(44,804)
Depreciation	(9,652)	(3,127)	(1,037)	(13,816)
Foreign exchange	496	(4,358)	263	(3,599)
At December 31, 2021	226,212	25,830	11,008	263,050
Additions	28,842	—	6,925	35,767
Acquisition of subsidiaries	4,608	—	—	4,608
Business combinations	32,601	—	—	32,601
Disposal of subsidiaries	(2,310)	—	—	(2,310)
Depreciation	(12,223)	(2,167)	(1,436)	(15,826)
Foreign exchange	2,626	(453)	(198)	1,975
At December 31, 2022	**280,356**	**23,210**	**16,299**	**319,865**

Reclassification consists of assets previously held under leases that have been refinanced with new bank loan facilities during 2021. Both leasehold and freehold solar plant assets are included in the equivalent asset class in Note 19.

Set out below are the carrying amounts of lease liabilities (included within interest-bearing loans and borrowings) and the movements during the period:

	2022 €'000	2021 €'000
At January 1	**250,811**	200,935
Additions	**26,736**	43,817
Acquisition of subsidiaries	**4,589**	62,105
Business combinations	**33,644**	—
Disposal of subsidiaries	**(2,372)**	(6,260)
Accretion of interest	**8,456**	7,916
Payments	**(14,310)**	(59,326)
Foreign exchange	**2,632**	1,624
At December 31	**310,186**	250,811

Notes to the consolidated financial statements

The following are the amounts recognised in profit or loss:

	Note	2022 €'000	2021 €'000
Depreciation expense of right of use assets (Cost of sales)		**14,390**	12,779
Depreciation expense of right of use assets (Administrative expenses)		**1,436**	1,037
Variable lease payments not linked to an index or rate (Cost of sales)	6	**986**	349
Expense relating to short-term leases (Administrative expenses)	7	**951**	1,042
Gain on termination of lease (Administrative expenses)		—	(912)
Interest expense on lease liabilities (Finance costs)	12	**8,456**	7,916
		26,219	22,211

Cash outflows from leases are as follows:

	2022 €'000	2021 €'000
Payments of interest on lease liabilities (interest paid)	**8,456**	7,916
Payments of principal on lease liabilities	**5,854**	51,410
Variable lease payments (cash flows from operating activities)	**986**	349
Expense relating to short-term leases (cash flows from operating activities)	**951**	1,042
Total lease payments	**16,247**	60,717

The Group has several lease contracts that include extension and termination options. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised (see Note 4). Management assumes that lease extension options will be exercised and therefore there are no potential future rental payments that are not included in the lease term.

The incremental borrowing rates of leases are between 1.0% and 7.0%.

The maturity analysis of lease liabilities is disclosed in Note 29.

33 Commitments and contingencies

Guarantees
The Group has issued guarantees for an amount of up to €5,648,000 relating to VAT reimbursements in Italy.

The Group has issued guarantees related to PPA contracts for an amount of up to €14,000,000 in Spain, €6,157,000 in Chile and €2,500,000 in Italy.

The Group has issued guarantees related to the participation in auctions for an amount of up to €14,824,000 in Italy and €47,911,000 in Chile.

The Group has issued guarantees to the energy regulator in Chile for an amount up to €22,954,000 relating to compliance with the payment chain between coordinated companies in the electricity market.

34 Post balance sheet events

Acquisitions
After the year end, the Group made the following acquisitions:

Acquisition date	Portfolio	Description of business	Country	Consideration paid	% of voting interests acquired
January 25, 2023	Spinnaker	136MW portfolio of operating solar plants	Spain	€196.0m	100%
January 27, 2023	Olmedilla II	4MW operating solar plant	Spain	€5.1m	100%
January 27, 2023	Pozuelo	2MW portfolio of operating solar plants	Spain	€12.6m	100%

As at the date of this report, management has not completed the fair value analysis of these acquisitions or the assessment of whether they meet the definition of a business under IFRS 3.

Disposal
On January 18, 2023, the Group disposed of its 99% controlling interest in Oishida-machi Solar GK. The company was part of the Japanese operations and owned the development asset Kita.

Financings
On January 30, 2023, the Group closed the refinancing of the Bonete project in Spain for a total debt amount of €39.6m.

On January 31, 2023, the Group closed the financing of the Pozuelo project in Spain for a total debt amount of €9.7m.

On February 22, 2023, the Group signed the financing of the Perseo portfolio in Italy for a total debt amount of €139.8m.

On February 23, 2023, the Group closed the refinancing of the corporate loan. The financing includes a seven-year €295.0m euro denominated term loan, a 10-year €37.4m Japanese yen denominated term loan, a 15-year €37.4m Japanese yen denominated term loan and a five-year €230.0m euro denominated revolving credit facility.

On February 28, 2023, the Group closed the financing of the Miel project in Spain for a total debt amount of €31.3m.

Shareholder loan
On February 14, 2023, the shareholder loan agreement was amended such that it is no longer repayable at one month’s notice. The loan facility is available until December 31, 2050.

Regulatory changes

French tariff cut
On December 30, 2020 the French finance law for 2021 was adopted definitively with a possible reduction to the FITs for certain installations in France.

The results from the Council of State's decision dated January 27, 2023 was that the arreté, fixing tariff calculations resulting from the tariff cut is cancelled on the grounds of its absence of notification to European Commission. However, the decree and the initial provision of the 2021 finance law are still in force. As the decree is impossible to apply without the arreté referred to in its article 3, the situation is legally uncommon. At this stage, the initial arreté (the one providing the initial tariff) becomes applicable again.

The Group's understanding is that the French government is still assessing its next course of action and essentially whether to take a new arreté. Discussions between Ministry of Energy Transition and Ministry of Budget are on-going and an arbitration has not yet been taken.

These potential feed-in-tariff cuts resulted in an impairment of the affected assets in 2021. For further information see Note 10.

Italy Sostegni Ter Decree

During 2022, a new law was implemented in Italy (the "Sostegni Ter Decree") which puts in place a price cap mechanism impacting solar plants in Italy that receive a Feed-in-tariff under the Conto Energia incentive mechanism. Revenues for the period from February – December 2022 exceeding a fixed "reference price" are required to be returned to the GSE. During 2022, the Sostegni Ter Decree was extended to cover the period from January – June 2023.

In February 2023, the administrative court ("TAR") in Italy declared that the Sostegni Ter Decree was unlawful and incompatible with European law and the principles recently established at the EU level. In March 2023, the Regulatory Authority for Energy, Networks and Environment ("ARERA") filed an appeal to challenge the ruling of the TAR court.

A provision has been recognised in 2022 for the expected revenues to be returned to the GSE, see note 24 for further details.

35 Subsidiary undertakings

Company name	2022	2021
Bermuda		
Sonnedix Solar Holdings Ltd	100%	100%
Sonnedix Solar International Ltd	100%	100%
Sonnedix Solar Puerto Rico Holdings Ltd	—	100%
Sonnedix Japan I Ltd	100%	100%
Hikari 6 Solar Investments Ltd	100%	100%
Hikari 10 Solar Investments Ltd	100%	100%
Hikari 17 Solar Investments Ltd	100%	100%
Hikari 18 Solar Investments Ltd	100%	100%
Netherlands		
Sonnedix Solar Solutions BV	100%	100%
Sonnedix BV	100%	100%
Sonnedix Africa BV	100%	100%
Sonnedix Germany BV	100%	100%
Sonnedix Solar Spanish Holdings 2 BV	86.635%	86.635%
Sonnedix Power I BV	86.635%	86.635%
Sonnedix Power II BV	86.635%	86.635%
Sonnedix Holdco Spain BV	86.635%	86.635%
Sonnedix Solen BV	54.65%	54.65%
BVI		
Sonnedix YFN Holdings Ltd	—	90%
Jamaica		
Sonnedix Solar Jamaica Ltd	100%	100%
UK		
Sonnedix UK Holdings Ltd	100%	100%
Sonnedix Cash Management Services Ltd	100%	100%
Sonnedix UK Services Ltd	100%	100%
Grove Farm Solar Farm Ltd	100%	100%
Sonnedix Finance Ltd	100%	100%
Sonnedix Europe Ltd	100%	100%
Sonnedix Bengrove Ltd	70%	70%
Hamilton Solar Ltd	70%	—
Sonnedix Cowley Ltd	100%	—
Sonnedix Fritts Ltd	65%	—
Sonnedix Gammaton Ltd	100%	—
Sonnedix Gonerby Ltd	100%	—
Sonnedix Middlefield Ltd	100%	—
Sonnedix Weston Ltd	100%	—
Sonnedix Winkburn Ltd	100%	—
France		
Sonnedix France SAS	100%	100%
Sonnedix Pleurtuit SAS	100%	100%
Sonnedix Alpha SAS	100%	100%
Sonnedix Provence SAS	100%	100%
Centrale Photovoltaïque de Romilly Sur Seine SAS	100%	100%
Helium Installations Solaires de l'Aude 1 SAS	51.08%	51.08%
Sonnedix Rosières SAS	100%	100%
Sonnedix Sulauze SAS	100%	100%
Sonnedix Nengligé SAS	—	100%
Sonnedix Saint Martin de Crau SAS	—	100%
Sonnedix France Services and Investment SAS	100%	100%
Sonnedix France II SAS	100%	100%
Sonnedix Solaire SAS	100%	100%
Elecsol Provence Sarl	100%	100%
Solaire Uglas SAS	100%	100%
Meridian Solaire II SAS	100%	100%
Quincieux Production SAS	100%	100%
Lavansol M11 Holding SAS	—	100%
Soleol I SAS	100%	100%
Soleol II SAS	100%	100%
Soleol IV SAS	100%	100%
Lavansol I SAS	100%	100%
Lavansol III SAS	100%	100%
Lavansol IV SAS	100%	100%
Lavansol V SAS	100%	100%
Lavansol VI SAS	100%	100%
Lavansol M1 SAS	100%	100%
Lavansol M17 SAS	100%	100%
Sonnedix France Operations SAS	100%	100%
Lavansol M18 SAS	100%	100%
Lavansol M8 SAS	100%	100%
Lavansol M9 SAS	100%	100%
Lavansol M14 SAS	95%	95%
Lavansol M19 SAS	100%	100%
Lavansol M21 SAS	100%	100%
Provensol I Sarl	100%	100%
Sonnedix France VI SAS	100%	100%
Ferrasol Sarl	100%	100%
Chateau Solar I Sarl	100%	100%
Chateau Solar II Sarl	100%	100%
Chateau Solar IV Sarl	100%	100%
Lavansol P (formerly known as Chateau Solar V SAS)	100%	100%
Durancialis I Sarl	100%	100%
Durancialis II Sarl	100%	100%
Sonnedix France Services SAS	100%	100%
Lavansol M13 SAS	100%	100%
Camargue I Sarl	100%	100%

Notes to the consolidated financial statements

Corsolar 1 SAS	100%	100%
Corsolar 2 SAS	100%	100%
Corsolar 3 SAS	100%	100%
Corsolar 5 SAS	100%	100%
Corsolar 6 SAS	100%	100%
Delta Solar SAS	100%	100%
Aloe Energy SAS	100%	100%
Sonnedix Aloe Holdings SAS	100%	100%
Vallouxsol SAS	100%	100%
Agromanduel 1 SAS	100%	100%
Agromanduel 2 SAS	100%	100%
Agrosolar SAS	100%	100%
Lorsolar I SAS	100%	100%
Sonnedix France V SAS	100%	100%
Sonnedix France IV SAS	100%	100%
Corsolar SAS	100%	100%
Sonnedix Invest France SAS (formerly known as Aloe Invest SAS)	100%	100%
CPES Les Lacs Medocains de la Redoune Sarl	100%	100%
CPES Les Lacs Medocains Du Bourg D'Hourtin Sarl	100%	100%
CPES Les Lacs Medocains du Gartiou Sarl	100%	100%
Sunergos SAS	100%	100%
Sonnedix Julia SAS	100%	100%
Sonnedix Maubeuge SAS	100%	100%
Sonnedix Flins SAS	100%	100%
Sonnedix Douai SAS	100%	100%
Sonnedix Sandouville SAS	100%	100%
Sonnedix Batilly SAS	100%	100%
Aude Holding SAS	51.07%	51.07%
Chateau Solar VI SAS	100%	100%
Lavansol M12 Sarl	100%	100%
Lavansol M16 Sarl	100%	100%
Tout le Soleil d'Auriac sur Dropt SAS	100%	100%
Sonnedix France VII SAS	100%	100%
Sonnedix France VIII SAS	100%	100%
Italy		
Sonnedix Italia Srl	100%	100%
Energy Development Srl	—	100%
Sonnedix San Giorgio Srl	67.053%	67.053%
Sonnedix Italia Servizi Srl	100%	100%
Sonnedix Santa Lucia Srl	—	100%
Solar Energy Italia 6 Srl	—	100%
Sonnenergia Srl	67.053%	67.053%
Sonnedix San Davide Srl	100%	100%
PV1 Srl	67.053%	67.053%
Sonnedix San Raffaele Srl	67.053%	67.053%
Sonnedix Italia Operation Srl	100%	100%
Sonnedix Earth SAS	100%	100%

Sonnedix Sant'Omobono Srl	100%	100%
Sonnedix Santa Barbara Srl	100%	100%
Sonnedix Santa Chiara Srl	100%	100%
Sonnedix Santa Caterina Srl	100%	100%
Green Seven Srl	67.053%	67.053%
Sonnedix San Francesco Srl	100%	100%
Sonnedix San Paolo Srl	100%	100%
PV Campiglia Srl	100%	100%
Montecarbone PV Srl	100%	100%
Sonnedix Sant'Elena Srl	100%	100%
Sonnedix Santa Marta Srl	100%	100%
Sonnedix Santa Rita Srl	100%	100%
Molino di Filo Srl	—	100%
Cava-Trotta Srl	—	100%
PV Ichnosolar Srl	100%	100%
SF-Adriatica Srl	—	100%
Solare Beta Srl	—	100%
B Energy Srl	—	100%
C Energy Srl	—	100%
Galileo Srl	—	100%
MI.CA Solare Srl	—	100%
Sonnedix Tirli Sviluppo 3 Srl	—	100%
Sonnedix Tirli Sviluppo 5 Srl	—	100%
Fortunata Solar Srl	60%	60%
GGP Solar 2 Srl	60%	60%
Sonnedix San Gabriele Srl	100%	100%
Sonnedix San Michele Srl	100%	100%
Sonnedix Artemisia Srl	100%	100%
BhnDue Srl	100%	100%
Carmiano Cinque Srl	100%	100%
Carmiano Due Srl	100%	100%
PVStrom Solar Lecce Srl	100%	100%
Set Energia Srl	100%	100%
Sunvis Srl	100%	100%
Sonnedix Sant'Anna Srl	100%	100%
A3FV Santhià Solar Srl	100%	—
AMS 3.0 Srl	100%	—
Aton 23 Srl	100%	—
Bagnolo Green Power Srl	60%	—
Carratois Srl	60%	—
Cherry Picking Srl	60%	—
Dev Solar 1 Srl	60%	60%
IPC Sicilia Srl	100%	—
Karalis Solar Farm Srl	100%	—
Megara Solar Srl	60%	—
Nereidi Srl	60%	—
New Solar 1 Srl	100%	—
Nina Solar Srl	60%	—
Sandalia Solar Farm Srl	100%	—
Sonnedix San Felice Srl	100%	—
Green Karalis Srl	—	—

Notes to the consolidated financial statements

Sandalia Green Srl	—	—
Sonnedix Archimede Srl	—	—
Sonnedix San Rocco Srl	—	—
Spain		
Sonnedix España SLU	100%	100%
Sonnedix Latam Holdings SLU	100%	100%
Sonnedix España Management SLU	100%	100%
New VE Holdco SLU	100%	100%
Sonnedix España Services SLU	100%	100%
Sonnedix España SPV XV SLU	86.635%	86.635%
Sonnedix España Solar Power I BV SLU	86.635%	86.635%
Sonnedix España Solar Finance SLU	86.635%	86.635%
Sonnedix España Solar Alcudia SLU	86.635%	86.635%
Sonnedix España Solar Solarfin SLU	86.635%	86.635%
Sonnedix España Solar Acula SLU	86.635%	86.635%
Sonnedix España Solar Pedro Martinez SLU	86.635%	86.635%
Sonnedix España Solar Alhama De Granada SLU	86.635%	86.635%
Sonnedix España Solar Isnalloz SLU	86.635%	86.635%
Sonnedix España Solar Villamesias SLU	86.635%	86.635%
Global Atreo SLU	86.635%	86.635%
Bujia Solar SLU	86.635%	86.635%
JB Solar Malagon SLU	86.635%	86.635%
Siluendor Plano SLU	86.635%	86.635%
Unified Group SLU	86.635%	86.635%
Cruanorna SLU	86.635%	86.635%
Gapalencos SLU	86.635%	86.635%
Parque Solar Caudete SLU	86.635%	86.635%
Sonnedix España SPV VIII SLU	86.635%	86.635%
Sonnedix España SPV XIII SLU	86.635%	86.635%
Sonnedix España SPV XIV SLU	86.635%	86.635%
Arroyo Solar SLU	86.635%	86.635%
Sonnedix España SPV XI SLU	86.635%	86.635%
Sonnedix España SPV XII SLU	86.635%	86.635%
Proyectos Integrados Renovables 2 SLU	86.635%	86.635%
Sonnedix España SPV IV SLU	86.635%	86.635%
Vermorazul SLU	86.635%	86.635%
Diversia Solar Proyectos y Explotaciones de Parques Solares SLU	86.635%	86.635%
Sonnedix España SPV IX SLU	86.635%	86.635%
Sonnedix España SPV VI SLU	86.635%	86.635%
Fotovoltaica La Gamonosa SLU	86.635%	86.635%
Conjunto Solar Mejorada SL	49.46%	49.46%
Capur Business SLU	86.635%	86.635%
Acacia Instalaciones Fotovoltaicas SLU	86.635%	86.635%
Villanueva Cosolar SLU	86.635%	86.635%
Sonnedix España SPV XXI SLU	86.635%	86.635%
Sonnedix España SPV V SLU	86.635%	86.635%
Sonnedix España SPV XXII SLU	86.635%	86.635%
Sonnedix España SPV XXIII SLU	86.635%	86.635%
Sonnedix España SPV XXIV SLU	86.635%	86.635%
Sonnedix España SPV XXV SLU	86.635%	86.635%
Sociedad de Explotacion Fotovoltaica Omega SLU	86.635%	86.635%
Sonnedix España Holdings 2 SLU	100%	100%
Sonnedix España Holdings 3 SLU	86.635%	86.635%
Sonnedix España SPV VII SLU	86.635%	86.635%
Sonnedix España SPV XVII SLU	86.635%	86.635%
Sonnedix España SPV XIX SLU	86.635%	86.635%
Sonnedix España SPV XX SLU	86.635%	86.635%
Sonnedix España SPV XXVI SLU	86.635%	86.635%
Impax Solar Toledo 1 SLU	100%	100%
Impax Solar Toledo 2 SLU	100%	100%
Impax Solar Toledo 3 SLU	100%	100%
Impax Solar Toledo 4 SLU	100%	100%
Impax Solar Toledo 5 SLU	100%	100%
Impax Solar Toledo 6 SLU	100%	100%
Impax Solar Toledo 7 SLU	100%	100%
Impax Solar Toledo 8 SLU	100%	100%
Impax Solar Toledo 9 SLU	100%	100%
Impax Solar Toledo 10 SLU	100%	100%
Impax Solar Toledo 11 SLU	100%	100%
Impax Solar Toledo 12 SLU	100%	100%
Impax Solar Toledo 13 SLU	100%	100%
Impax Solar Toledo 14 SLU	100%	100%
Impax Solar Toledo 15 SLU	100%	100%
Impax Solar Toledo 16 SLU	100%	100%
Impax Solar Toledo 17 SLU	100%	100%
Impax Solar Toledo 18 SLU	100%	100%
Impax Solar Toledo 19 SLU	100%	100%
Impax Solar Toledo 20 SLU	100%	100%
Impax Solar Toledo 21 SLU	100%	100%
Impax Solar Toledo 22 SLU	100%	100%
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Impax Solar Toledo 28 SLU	100%	100%
Impax Solar Toledo 29 SLU	100%	100%
Impax Solar Toledo 30 SLU	100%	100%
Impax Solar Toledo 31 SLU	100%	100%
Impax Solar Toledo 32 SLU	100%	100%
Impax Solar Toledo 33 SLU	100%	100%
Impax Solar Toledo 34 SLU	100%	100%
Parque Eolico de Cubla SLU	86.635%	86.635%
Sonnedix España Finance 4 SLU	100%	100%
Sonnedix España Solar Energy SLU	100%	100%
Sonnedix España Finance 3 SLU	100%	100%
VE Sonnedix SPV I SLU	100%	100%

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VE Sonnedix SPV Beta SLU	100%	100%
VE Sonnedix SPV Delta SLU	100%	100%
VE Sonnedix SPV Gamma SLU	100%	100%
Sonnedix España Holdings 4 SLU	100%	100%
Ostirala Inversiones SLU	100%	100%
Sonnedix España Holdings SLU	86.635%	86.635%
Sonnedix España Equityco SLU	86.635%	86.635%
VE Sonnedix Equityco SLU	86.635%	86.635%
Parque Solar Fotovoltaico Olleria SCP	50.223%	50.223%
Sonnedix España Finance 2 SA	86.635%	86.635%
Sonnedix España Holdings 5 SLU	100%	100%
Agrupacion Servicios Comunes Santo Domingo AIE	75%	75%
Alderamín Solar SLU	—	100%
Alfarrasí Solar SLU	—	100%
Alfarrasí Solar 2 SLU	—	100%
Sonnedix Finco Trio SLU	—	100%
Arcicollar Solar SLU	—	100%
Argos Energía SLU	—	100%
Sonnedix Energy PV II SLU	—	100%
Bridge Infraestructure Capital Solar Plant Totana 9 SLU	—	100%
Cisares SLU	—	100%
Coria Solar SLU	—	100%
Cronosfera Energía SLU	—	100%
Cuesta Blanca Solar 18 SLU	—	100%
Dazia Solar 3 SLU	—	100%
Dazia Solar 4 SLU	—	100%
Sonnedix Alcolea Renovables SLU	—	100%
Sonnedix Epsilon SLU	—	100%
Sonnedix Energy Phi SA	100%	100%
Sonnedix Energy Tau SA	100%	100%
Sonnedix Jumilla Renovables SLU	—	100%
Sonnedix Iota SLU	100%	100%
Sonnedix Kappa SLU	—	100%
Sonnedix España Finance 5 SLU	100%	100%
Sonnedix Omicron SLU	100%	100%
Sonnedix Cuesta Blanca Renovables SLU	—	100%
Energia Solar del Suroeste SLU	—	100%
Genera Mil Soles SLU	—	100%
Geres Energías Renovables España SLU	—	100%
HCEJEL Renovables SLU	—	100%
Instalación Peral Fase 2 AIE	—	100%
Instalación Peral 1 La Herrera SLU	—	100%
Instalación Peral 2 SLU	—	100%
Institutoer-Solar Extremadura SLU	—	100%
Llano Soleil 18 SL	56.25%	56.25%
Parques Solares de Miras AIE	—	100%
Vela Fotón SLU	—	100%
Spica Fotón SLU	—	100%

Parques Solares de Torrealvilla AIE	—	100%
Pedrevoltaica SLU	—	100%
Pedrevoltaica 1 SLU	—	100%
Planfover G.P. 5 SLU	—	100%
Premier Strike SLU	—	100%
Rhin Solar SLU	—	100%
Shaula Solar SLU	—	100%
Pedrevoltaica 2 SC	—	100%
Pedrevoltaica 3 SC	—	100%
Pedrevoltaica 4 SC	—	100%
Pedrevoltaica 5 SC	—	100%
Pedrevoltaica 6 SC	—	100%
Pedrevoltaica 7 SC	—	100%
Pedrevoltaica 8 SC	—	100%
Pedrevoltaica 9 SC	—	100%
Pedrevoltaica 10 SC	—	100%
Pedrevoltaica 11 SC	—	100%
Instalaciones Comunes Arriba SC	88%	88%
Instalaciones Comunes Casas Don Benito SC	80.4%	80.4%
Sonnedix Aliaga I SLU	100%	100%
Sonnedix Aliaga II SLU	100%	100%
Subestacion Torrealvilla SC	83%	83%
Sonnedix España Holdings 6 SLU	—	100%
Anbormo SLU	—	100%
Fotovoltaica Renovable 37 SLU	—	100%
Cribbormo SLU	—	100%
Fotovoltaica Renovable 40 SLU	—	100%
Luzpas SLU	—	100%
Planta Solar Fotovoltaica De Atzeneta 2 SCP	—	100%
Agrupacion Servicios Fotovoltaicos Aielo AIE	—	100%
ISF Algevasi 290 SLU	—	100%
ISF Algevasi 291 SLU	—	100%
ISF Algevasi 292 SLU	—	100%
ISF Algevasi 293 SLU	—	100%
ISF Algevasi 294 SLU	—	100%
ISF Algevasi 295 SLU	—	100%
ISF Algevasi 296 SLU	—	100%
ISF Algevasi 297 SLU	—	100%
ISF Algevasi 298 SLU	—	100%
ISF Algevasi 299 SLU	—	100%
ISF Algevasi 300 SLU	—	100%
Sonnedix España Holdco SLU	100%	100%
Ingeniería Sol Nostrum SLU	—	100%
Fotovoltaica Renovable 41 SLU	—	100%
Fotovoltaica Renovable 44 SLU	—	100%
Fotovoltaica Renovable 46 SLU	—	100%
Grupo Empresarial Villasolar SLU	—	100%
Aipa 2007 SLU	—	100%
Enepamar SLU	—	100%

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Energies Renovables la Canal SLU	—	100%
Foranubols SLU	—	100%
Fotexsolta SLU	—	100%
Inversol 2007 SLU	—	100%
Juvan 2006 SLU	—	100%
Kinosol 2007 SLU	—	100%
Luiserju SLU	—	100%
M.C. Solar Safor Energy 2007 SLU	—	100%
Newbronx 08 SLU	—	100%
Pyramidion SLU	—	100%
Territorio Estrategias e Iniciativas SLU	—	100%
Voltoponpal SLU	—	100%
Aielo Solar SLU	—	100%
Benicadell Solar SLU	—	100%
Creueta Solar SLU	—	100%
El Planet Fotovoltaico SLU	—	100%
El Tossal Fotovoltaico SLU	—	100%
El Tossal Solar SLU	—	100%
Fotovoltaicas de la Vall D'Albaida SLU	—	100%
Fotovoltaicas del Benicadell SLU	—	100%
Lorchasol SLU	—	100%
Pinet Solar SLU	—	100%
Renovables Benicadell SLU	—	100%
Renovables de la Font de Ferri SLU	—	100%
Renovables del Moli SLU	—	100%
Renovables del Planet SLU	—	100%
Renovables del Tossal SLU	—	100%
Villaval 2010 SLU	—	100%
Gadstrup PV SLU	—	100%
Hurup PV I SLU	—	100%
Hurup PV II SLU	—	100%
Hurup PV III SLU	—	100%
Hurup PV IV SLU	—	100%
Hurup PV V SLU	—	100%
Hurup PV VI SLU	—	100%
Hurup PV VII SLU	—	100%
Merca II Renovables SLU	—	100%
Proark Solar Spain I SLU	—	100%
Ralos Investment Fotovoltaico Sur SLU	100%	100%
Ringsted PV XI SLU	—	100%
Suip Infonegocio SLU	—	100%
Sumba PV III SLU	—	100%
Suniva Power SLU	100%	100%
Suvan Power SLU	100%	100%
Svendborg PV III SLU	—	100%
Syddjurs I SLU	—	100%
Syddjurs II SLU	—	100%
Syddjurs III SLU	—	100%
Syddjurs IV SLU	—	100%
Syddjurs V SLU	—	100%
Syddjurs VI SLU	—	100%
Tirstrup PV I SLU	—	100%
Tirstrup PV II SLU	—	100%
Tirstrup PV III SLU	—	100%
Tirstrup PV IV SLU	—	100%
Tirstrup PV V SLU	—	100%
Tirstrup PV VI SLU	—	100%
Tirstrup PV XII SLU	—	100%
Tomesa Gestion SLU	—	100%
Castellana de Inversiones Fotovoltaicas SLU	—	100%
Diversis Solar Ciudad Real SLU	—	100%
Pitiegua 6001 SLU	—	100%
Pitiegua 6002 SLU	—	100%
Pitiegua 6003 SLU	—	100%
Pitiegua 6004 SLU	—	100%
Pitiegua 6005 SLU	—	100%
Pitiegua 6006 SLU	—	100%
Pitiegua 6007 SLU	—	100%
Pitiegua 6008 SLU	—	100%
Pitiegua 6009 SLU	—	100%
Pitiegua 6010 SLU	—	100%
Pitiegua 6011 SLU	—	100%
Pitiegua 6012 SLU	—	100%
Pitiegua 6013 SLU	—	100%
Pitiegua 6014 SLU	—	100%
Pitiegua 6015 SLU	—	100%
Pitiegua 6016 SLU	—	100%
Pitiegua 6017 SLU	—	100%
Pitiegua 6018 SLU	—	100%
Pitiegua 6019 SLU	—	100%
Pitiegua 6020 SLU	—	100%
Pitiegua 6021 SLU	—	100%
Pitiegua 6022 SLU	—	100%
Pitiegua 6023 SLU	—	100%
Pitiegua 6024 SLU	—	100%
Pitiegua 6025 SLU	—	100%
Pitiegua 6026 SLU	—	100%
Pitiegua 6027 SLU	—	100%
Pitiegua 6028 SLU	—	100%
Pitiegua 6029 SLU	—	100%
Pitiegua 6030 SLU	—	100%
Pitiegua 6031 SLU	—	100%
Pitiegua 6032 SLU	—	100%
Pitiegua 6033 SLU	—	100%
Pitiegua 6034 SLU	—	100%
Pitiegua 6035 SLU	—	100%
Pitiegua 6036 SLU	—	100%
Pitiegua 6037 SLU	—	100%
Pitiegua 6038 SLU	—	100%
Solnueve Infraestructuras Solares Aeroportuarias SLU	—	100%
Horus Sun SLU	100%	100%

Notes to the consolidated financial statements

Sonnedix España Desarrollos SLU	100%	100%
Sonnedix España Holdings 8 SLU	100%	100%
Angora ITG SLU	100%	100%
Chocolate ITG SLU	100%	100%
Inver Generacion 2 SLU	100%	100%
Inver Generacion 4 SLU	100%	100%
Inver Generacion 12 SLU	100%	100%
Inver Generacion 15 SLU	100%	100%
Fiordo ITG SLU	100%	100%
Parque Solar Paramo SLU	100%	100%
Berfest Investments SA	100%	100%
Bienville SAU	—	100%
Bonete Fotovoltaica 1 SLU	100%	100%
Central Solar Termoelectrica Caceres SA	100%	100%
Cuesta Blanca Solar 28 SLU	100%	100%
Cuesta Blanca Solar 29 SLU	100%	100%
Cuesta Blanca Solar 30 SLU	100%	100%
Falabella ITG SLU	100%	100%
Belisol 132 KV SL	50%	—
Belona ITG SLU	100%	—
Caliope ITG SLU	100%	—
Coroa Directorship SLU	100%	—
Cuadruple Belinchon SL	20%	—
Destierraco2 SLU	100%	—
Fraile Hive SLU	100%	—
Inver Generacion 10 SLU	100%	—
Inversiones Colectivas en Energias Renovables I SLU	100%	—
Pripiat Renance SLU	100%	—
Seret ITG SLU	100%	—
Siula ITG SLU	100%	—
Sociedad Fotovoltaica Campo 52 SLU	100%	—
Sociedad Fotovoltaica Comarcal 51 SLU	100%	—
Sociedad Fotovoltaica Loarrense 52 SLU	100%	—
Sociedad Fotovoltaica Tardienta Solar 52 SLU	100%	—
Solar Global Investment Pedrola 1 SLU	100%	—
Sonnedix Vinaceite SLU (formerly known as Enerland 2007 S.L.)	100%	—
Triora ITG SLU	100%	—
Vera ITG SLU	100%	—
Poland		
Sonnedix Poland Holdings Sp. z o.o.	100%	—
PV 1030 Sp. z o.o.	100%	—
Sonnedix Poland Sp. z o.o. (formerly known as Sun Power Energy Sp. z o.o.)	100%	—
Violasol Sp. z o.o.	100%	—
WTL10 Sp. z o.o.	100%	—
WTL110 Sp. z o.o.	100%	—
WTL180 Sp. z o.o.	100%	—
WTL190 Sp. z o.o.	100%	—
WTL230 Sp. z o.o.	100%	—
WTL240 Sp. z o.o.	100%	—
WTL250 Sp. z o.o.	100%	—
WTL260 Sp. z o.o.	100%	—
WTL280 Sp. z o.o.	100%	—
WTL290 Sp. z o.o.	100%	—
WTL30 Sp. z o.o.	100%	—
WTL300 Sp. z o.o.	100%	—
WTL310 Sp. z o.o.	100%	—
WTL320 Sp. z o.o.	100%	—
WTL330 Sp. z o.o.	100%	—
WTL340 Sp. z o.o.	100%	—
WTL350 Sp. z o.o.	100%	—
WTL360 Sp. z o.o.	100%	—
WTL370 Sp. z o.o.	100%	—
WTL380 Sp. z o.o.	100%	—
WTL390 Sp. z o.o.	100%	—
WTL400 Sp. z o.o.	100%	—
WTL410 Sp. z o.o.	100%	—
WTL420 Sp. z o.o.	100%	—
WTL430 Sp. z o.o.	100%	—
WTL440 Sp. z o.o.	100%	—
WTL450 Sp. z o.o.	100%	—
WTL70 Sp. z o.o.	100%	—
WTL90 Sp. z o.o.	100%	—
Germany		
Sonnedix Germany GmbH	100%	100%
Sonnedix Deutschland Solar GmbH & Co KG	100%	100%
Sonnedix Solar Borna GmbH & Co KG	100%	100%
Sonnedix Solar Hegnenbach GmbH & Co KG	100%	100%
Sonnedix Solarpark Tanger GmbH & Co. KG	100%	—
Luxembourg		
Sonnedix Luxembourg Holdco 1 SCA	86.635%	86.635%
Sonnedix Luxembourg Holdco 2 Sarl	86.635%	86.635%
Sonnedix Finance SA	86.635%	86.635%
VE Sonnedix Luxembourg Holdco 2 Sarl	86.635%	86.635%
VE Sonnedix Luxembourg Holdco 1 SCA	86.635%	86.635%
VE Sonnedix Finance SA	86.635%	86.635%
Falabella Luxembourg SCA	100%	—
Portugal		
Solar International, Unipessoal LDA	100%	—

Notes to the consolidated financial statements

USA		
Sonnedix USA Services Ltd	100%	100%
Sonnedix North Carolina I Ltd	100%	100%
Sonnedix Americas LLC	100%	100%
Sonnedix Kingbird Inc	100%	100%
Sonnedix Solar Fountain LLC	100%	100%
Puerto Rico		
YFN Solar LLC	—	90%
YFN Yabucoa Solar LLC	—	90%
GS Fajardo Solar LLC	—	90%
Chile		
Sonnedix Chile Holding SpA	100%	100%
Atacama Solar SA	100%	100%
Tercera Region Solar SpA	100%	100%
SPV P4 SpA	100%	100%
Sonnedix Cox Energy Chile SpA	70%	70%
PFV Donihue SpA	100%	100%
PFV La Molina SpA	100%	100%
Llanos de Potroso SpA	100%	100%
Marquesa Solar SpA	100%	100%
Sonnedix Chile Energy Storage SpA	100%	100%
Nueva Atacama Solar SA	100%	100%
Sonnedix Metro Expansion SpA	100%	100%
Sonnedix La Serena SpA	100%	100%
Sonnedix Malinke SpA	100%	100%
Sonnedix Crucero SpA	100%	100%
Sonnedix Energy Trading Chile SpA	100%	100%
Sonnedix Pelequén Solar SpA	100%	100%
Parque Fotovoltaico Andino Occidente SpA	100%	100%
El Queule SpA	100%	100%
Parronal Energy SpA	100%	100%
Villa Prat Energy SpA	100%	100%
Altos de la Manga Energy SpA	100%	100%
Sonnedix Taranto SpA	100%	100%
Sonnedix PPA Holding SpA	100%	100%
Sonnedix Pica Solar SpA	100%	100%
Sonnedix Tagua Tagua SpA	100%	100%
Sonnedix Tres Cruces SpA	100%	100%
Angamos Solar SpA	100%	100%
Quebrada de Talca Solar SpA	100%	100%
Santa Lucia Solar SpA	100%	100%
Corso Solar SpA	100%	—
PSF Don Darío SpA	100%	—
Sonnedix Angela Solar SpA (formerly known as Angela Solar SpA)	100%	—
Sonnedix Chile Admin 1 SpA (formerly known as Arco Admin Holding SpA)	100%	—
Sonnedix Chile Admin 2 SpA (formerly known as Arco Chile Holdings SpA)	100%	—
Sonnedix Chile Admin 3 SpA (formerly known as Administradora Arco SpA)	100%	—
Sonnedix Chile Holding Development SpA	100%	—
Sonnedix Chile Holding Operational SpA	100%	—
Sonnedix Chile Inversiones 1 SpA (formerly known as Inversiones Arco 1 SpA)	100%	—
Sonnedix Chile Inversiones 2 SpA (formerly known as Inversiones Arco 2 SpA)	100%	—
Sonnedix Chile Inversiones 3 SpA (formerly known as Inversiones Arco 3 SpA)	100%	—
Sonnedix Chile Inversiones Asociadas I SpA (formerly known as Inversiones Asociadas I SpA)	100%	—
Sonnedix Chile Services SpA	100%	—
Sonnedix Conejo Solar SpA (formerly known as Conejo Solar SpA)	100%	—
Sonnedix Don Goyo Holdings SpA (formerly known as Don Goyo Holdings SpA)	100%	—
Sonnedix Don Goyo Transmisión SA (formerly known as Don Goyo Transmisión S.A.)	100%	—
Sonnedix Don Pedro SpA (formerly known as Don Pedro SpA)	100%	—
Sonnedix Energy Supplier Chile SpA	100%	—
Sonnedix Fotovoltaica Algarrobo SpA (formerly known as Fotovoltaica Algarrobo SpA)	100%	—
Sonnedix Joaquin Solar SpA (formerly known as Joaquin Solar SpA)	100%	—
Sonnedix Las Codornices SpA (formerly known as Las Codornices SpA)	100%	—
Sonnedix Las Perdices SpA (formerly known as Las Perdices SpA)	100%	—
Sonnedix Librillo Solar SpA (formerly known as Librillo Solar SpA)	100%	—
Sonnedix Paine Energy SpA (formerly known as Paine Energy SpA)	100%	—
Sonnedix Parque Eólico Carica SpA (formerly known as Parque Eólico Carica SpA)	100%	—
Sonnedix Parque Eólico El Arrayán SpA (formerly known as Parque Eólico El Arrayán SpA)	100%	—
Sonnedix Parque Eólico El Maitén SpA (formerly known as Parque Eólico El Maitén SpA)	100%	—
Sonnedix Parque Eólico El Nogal SpA (formerly known as Parque Eólico El Nogal SpA)	100%	—
Sonnedix Parque Solar Amparo del Sol SpA (formerly known as Parque Solar Amparo del Sol SpA)	100%	—

Notes to the consolidated financial statements

Sonnedix Parque Solar Punta Colorada SpA (formerly known as Parque Solar SpA)	100%	—
Sonnedix Parsosy Illapel 5 SpA (formerly known as Parsosy Illapel 5 SpA)	100%	—
Sonnedix Victoria Solar SpA (formerly known as Victoria Solar SpA)	100%	—
South Africa		
Sonnedix Solar South Africa Holdings (Pty) Ltd	—	100%
Mulilo Sonnedix Prieska PV (Pty) Ltd	—	60%
Japan		
Oita Solar GK	59.4%	99%
Sun Station Kurabara GK	99%	99%
Sun Station Kurabara B GK	99%	99%
Soma Solar GK	59.4%	59.4%
Sun Station Hikari V GK	99%	99%
Sun Station Hikari VI GK	99%	99%
Sun Station Hikari VII GK	59.4%	99%
Sun Station Hikari X GK	99%	99%
Sun Suwa LLC	99%	99%
Taiyo Reserve 3 GK	99%	99%
Taiyo Reserve 1 GK	—	99%
Oishida-machi Solar GK	99%	99%
Tsubaki Solar GK	99%	99%
Sun Station Hikari XVII GK	99%	99%
Ecoplexus Yamada Project GK	99%	99%
Sun Station Hikari XX GK	99%	99%
SS2 GK	99%	99%
Sun Station Hikari VIII GK	99%	99%
Sun Station Hikari XVI GK	99%	99%
Sun Station Hikari XXI GK	99%	99%
Mine Solar GK (formerly known as Sun Station Hikari XXII GK)	99%	99%
SS Hikari 1 GK	99%	99%
Hitachi Juo Solar Power LLC (formerly known as SS Hikari 3 GK)	59.4%	99%
SS Hikari 24 GK	99%	99%
SS Hikari 29 GK	99%	99%
SS Hikari 30 GK	—	99%
Ishikawa Hanamizuki 1 GK	99%	—

There are subsidiary entities that were controlled as at December 31, 2021 but not at December 31, 2022, this is due to mergers into other subsidiary entities, dissolution of the subsidiary entities, or sale of those entities (see Notes 9 and 18) during 2022. For subsidiary entities which are listed as not controlled at both reporting dates, these were acquired and then subsequently merged during 2022. The principal activities of all subsidiary entities relate to the development and operation of renewable energy projects.

Building a better working world

Publication of auditor's report

1 Conditions

Authorization to publish the auditor's report is granted subject to the following conditions:

- Further consultation with the auditor is essential if, after this authorization has been granted, facts and circumstances become known which materially affect the view given by the financial statements.
- The authorization concerns inclusion of the auditor's report in the annual report to be tabled at the Annual General Meeting (hereafter AGM) incorporating the financial statements as drawn up.
- The authorization also concerns inclusion of the auditor's report in the annual report to be filed with the Trade Registrar, provided consideration of the financial statements by the AGM does not result in any amendments.
- Financial statements for filing at the offices of the Trade Registrar which have been abridged in accordance with Section 397 of Book 2 of the Dutch Civil Code must be derived from the financial statements adopted by the AGM and a draft version of these financial statements for filing purposes must be submitted to us for inspection.
- The auditor's report can also be included if the financial statements are published electronically, such as on the internet. In such cases, the full financial statements should be published and these should be easily distinguishable from other information provided electronically at the same time.
- If the published financial statements are to be included in another document which is to be made public, authorization to include the auditor's report must again be granted by the auditor.

2 Explanations to the conditions

2.1 Board of supervisory directors and board of executive directors

The auditor usually forwards his report to the board of supervisory directors and to the board of executive directors. This is pursuant to Book 2 of the Dutch Civil Code, section 393 which stipulates inter alia: "The auditor sets out the outcome of his examination in a report". "The auditor reports on his examination to the board of supervisory directors and the board of executive directors".

2.2 Annual General Meeting (AGM)

Publication of the auditor's report will only be permitted subject to the auditor's express consent. Publication is understood to mean: making available for circulation among the public or to such group of persons as to make it tantamount to the public. Circulation among shareholders or members, as appropriate, also comes within the scope of the term "publication", so that inclusion of the auditor's report in the annual report to be tabled at the AGM similarly requires authorization by the auditor.

2.3 Auditor's reports and financial statements

The authorization concerns publication in the annual report incorporating the financial statements that are the subject of the auditor's report. This condition is based on the auditors' rules of professional practice, which state that the auditor will not be allowed to authorize publication of his report except together with the financial statements to which this report refers.
The auditor will also at all times want to see the rest of the annual report, since the auditor is not allowed to authorize publication of his report if, owing to the contents of the documents jointly published, an incorrect impression is created as to the significance of the financial statements.

2.4 Events between the date of the auditor's report and the AGM

Attention should be paid to the fact that between the date of the auditor's report and the date of the meeting at which adoption, as appropriate, of the financial statements is considered, facts or circumstances may have occurred which materially affect the view given by the financial statements. Under COS 560, the auditor must perform audit procedures designed to obtain sufficient audit evidence to ensure that all events occurring before the date of the auditor's report that warrant amendment of or disclosure in the financial statements have been identified.

If the auditor becomes aware of events that may be of material significance to the financial statements, the auditor must consider whether those events have been adequately recognized and sufficiently disclosed in the notes to the financial statements. If between the date of the auditor's report and the date of publication of the financial statements, the auditor becomes aware of a fact that may have a material impact on the financial statements, the auditor must assess whether the financial statements should be amended, discuss the matter with management and act as circumstances dictate.

2.5 Trade Registrar

The financial statements are tabled at the AGM (legal entities coming within the scope of Title 9 of Book 2 of the Dutch Civil Code table the directors' report and the other information as well). The AGM considers adoption of the financial statements. Only after the financial statements have been adopted, do they become the statutory (i.e., the company) financial statements. As a rule, the statutory financial statements will be adopted without amendment. The auditor's report must be attached to the statutory financial statements as part of the other information. As a rule, the text of this report will be the same as that issued earlier. The documents to be made public by filing at the offices of the Trade Registrar will consist of the statutory financial statements, the directors' report and the other information. The auditor's report which refers to the unabridged financial statements will then have to be incorporated in the other information. If consideration of the financial statements by the AGM does not result in any amendments, the auditor's report may be attached to the financial statements adopted, by the AGM and, provided the annual report and financial statements are filed promptly at the offices of the Trade Registrar, published as part of these annual report and financial statements.

2.6 Other manner of publication

The financial statements may also be published other than by filing at the offices of the Trade Registrar. In that event, too, inclusion of the auditor's report is permitted, provided the financial statements are published in full. If publication concerns part of the financial statements or if the financial statements are published in abridged form, publication of any report the auditor has issued on such financial statements will be prohibited, unless:

a. He has come to the conclusion that, in the circumstances of the case, the document concerned is appropriate
   Or
b. Based on legal regulations, publication of the document concerned is all that is required

If less than the full financial statements are published, further consultation with the auditor is essential. If the financial statements and the auditor's report are published on the internet, it should be ensured that the financial statements are easily distinguishable from other information contained on the internet site. This can be achieved, for example, by including the financial statements as a separate file in a read-only format or by including a warning message when the reader exits the financial statements document.

2.7 Inclusion in another document

If the published financial statements are to be included in another document which is to be made public, this is considered a new publication and authorization must again be obtained from the auditor. An example of this situation is the publication of an offering circular which includes the financial statements, after these financial statements have been filed at the office of the Trade Registrar together with the other annual reports. For each new publication, authorization must again be obtained from the auditor.

2.8 Events after the AGM

Even if facts and circumstances have become known after the adoption of the financial statements as a result of which they no longer give the statutory true and fair view, the auditor must stand by the report issued on the financial statements as adopted and by the auditor's report filed at the offices of the Trade Registrar. In that event, the legal entity is required to file a statement at the offices of the Trade Registrar on these facts and circumstances accompanied by an auditor's report. In this situation, too, further consultation with the auditor is essential.

ANNUAL REPORT
for the year ended 31 December 2023

SONNEDIX SOLAR HOLDINGS LIMITED

Sonnedix Solar Holdings Limited

Contents

Sonnedix Solar Holdings Limited

Company Information

Directors
Sonnedix Power Holdings Ltd
Ian Stone

Authorised representatives
Karen Boesen
Robin Clark
Andrew Ferrao
Samantha Packwood
Melanie Rowlands

Registered office
Victoria Place, 1st Floor
31 Victoria Street
Hamilton
HM10
BM

Company Number
45438

Sonnedix Solar Holdings Limited

Independent auditor's report

To: the shareholders and management of Sonnedix Solar Holdings Limited

Report on the audit of the financial statements 2023 included in the annual report

Our opinion

We have audited the financial statements 2023 of Sonnedix Solar Holdings Limited based in Hamilton, Bermuda.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Sonnedix Solar Holdings Limited as at 31 December 2023 and of its result and its cash flows for 2023 in accordance with International Financial Reporting Standards as adopted in the European Union (EU-IFRSs).

The financial statements comprise:

- the consolidated statement of financial position as at 31 December 2023
- the following statements for 2023: the consolidated income statement, the consolidated statements of comprehensive income, changes in equity and cash flows
- the notes comprising material accounting policy information and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law and International Standards on Auditing. Our responsibilities under those standards are further described in the Our responsibilities for the audit of the financial statements section of our report.

We are independent of Sonnedix Solar Holdings Limited (the company) in accordance with the "Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten" (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA, Dutch Code of Ethics).

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

Report on other information included in the annual report

The annual report contains other information in addition to the financial statements and our auditor's report thereon.

Based on the following procedures performed, we conclude that the other information is consistent with the financial statements and does not contain material misstatements.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of the International Standards on Auditing 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information.

Sonnedix Solar Holdings Limited

Description of responsibilities regarding the financial statements

Responsibilities of management for the financial statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRSs. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements
Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

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. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional scepticism throughout the audit, in accordance with Dutch Law, International Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining 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
- Obtaining 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
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 a company to cease to continue as a going concern
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

Communication

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

Utrecht, 15 April 2024

Ernst & Young Accountants LLP

R.H.A. Duim

Consolidated Income Statement for the Year Ended December 31, 2023

	Note	**2023** **€'000**	2022 €'000
Revenue from contracts with customers	5	**850,572**	711,495
Cost of sales			
Depreciation	6	**(464,033)**	(334,747)
Other cost of sales	6	**(130,453)**	(112,469)
Gross profit		**256,086**	264,279
Administrative expenses	7	**(183,892)**	(150,391)
Other operating income and expenses	9	**(24,280)**	68,068
(Impairment) / reversal of impairment	10	**(63,057)**	3,662
Operating (loss) / profit		**(15,143)**	185,618
Finance income	11	**2,982**	69,175
Finance expense	12	**(292,150)**	(160,762)
Foreign exchange (loss) / gain		**(734)**	5,670
Net finance expense		**(289,902)**	(85,917)
(Loss) / profit before tax		**(305,045)**	99,701
Tax income / (expense)	13	**2,686**	(55,575)
(Loss) / profit after tax		**(302,359)**	44,126
(Loss) / profit for the year			
Attributable to:			
Owners of the Company		**(309,533)**	34,977
Non-controlling interests		**7,174**	9,149
		(302,359)	44,126

Consolidated Statement of Comprehensive Income for the Year Ended December 31, 2023

	Note	**2023** **€'000**	2022 €'000
(Loss) / profit after tax		**(302,359)**	44,126
Items that may be reclassified to profit and loss (net of tax):			
- Exchange differences on translations of foreign operations		**(16,680)**	(50,014)
- Realisation of loss / (gain) on cancelled derivatives	25	**9,046**	(138)
- Net (loss) / gain on effective derivatives	25	**(57,260)**	261,719
Items that will not be reclassified to profit and loss in subsequent periods:			
- Exchange differences on translations of non-controlling interests		**(2,796)**	(452)
Total other comprehensive (loss) / income		**(67,690)**	211,115
Total comprehensive (loss) / income for the year		**(370,049)**	255,241
Attributable to:			
Owners of the Company		**(367,966)**	222,270
Non-controlling interests		**(2,083)**	32,971
		(370,049)	255,241

Consolidated Statement of Changes in Equity for the Year Ended December 31, 2023

	Capital (Note 29) €'000	Translation reserve €'000	Cash flow hedge reserve (Note 25) €'000	Retained earnings €'000	Reserve of disposal group held for sale €'000	**Total equity attributable to owners of the Company €'000**	Non-controlling interest €'000	**Total Equity €'000**
At January 1, 2022	**144,263**	**(5,458)**	**(60,675)**	**(207,068)**	**(2,162)**	**(131,100)**	**(4,259)**	**(135,359)**
Comprehensive income:								
- Result for the year	—	—	—	34,977	—	**34,977**	9,149	**44,126**
- Derivative financial instruments	—	—	236,060	—	1,247	**237,307**	24,274	**261,581**
- Movements in foreign exchange	—	(50,803)	1,060	—	(271)	**(50,014)**	(452)	**(50,466)**
Total comprehensive result for the year	**—**	**(50,803)**	**237,120**	**34,977**	**976**	**222,270**	**32,971**	**255,241**
Disposal of subsidiaries	—	9,888	—	—	1,186	**11,074**	6,219	**17,293**
Contribution by non-controlling interest	—	—	—	—	—	**—**	10,329	**10,329**
Capital distribution to non-controlling interest	—	—	—	—	—	—	(6,409)	**(6,409)**
Dividend to non-controlling interest	—	—	—	—	—	**—**	(769)	**(769)**
Transactions with non-controlling interest	—	231	3,439	51,544	—	**55,214**	9,012	**64,226**
Acquisition of subsidiaries (Note 15)	—	—	—	—	—	**—**	6,277	**6,277**
At December 31, 2022	**144,263**	**(46,142)**	**179,884**	**(120,547)**	**—**	**157,458**	**53,371**	**210,829**
Comprehensive income:								
- Result for the year	—	—	—	(309,533)	—	**(309,533)**	7,174	**(302,359)**
- Derivative financial instruments	—	—	(41,753)	-	—	**(41,753)**	(6,461)	**(48,214)**
- Movements in foreign exchange	—	(13,595)	(3,085)	-	—	**(16,680)**	(2,796)	**(19,476)**
Total comprehensive result for the year	—	**(13,595)**	**(44,838)**	**(309,533)**	**—**	**(367,966)**	**(2,083)**	**(370,049)**
Disposal of subsidiaries	—	1,435	—	—	—	**1,435**	236	**1,671**
Contribution by non-controlling interest	—	—	—	—	—	**—**	1,443	**1,443**
Capital distribution to non-controlling interest	—	—	—	—	—	**—**	(4,976)	**(4,976)**
Dividend to non-controlling interest	—	—	—	—	—	**—**	(710)	**(710)**
Transactions with non-controlling interest	—	439	(1,328)	6,590	—	**5,701**	2,735	**8,436**
Acquisition of subsidiaries (Note 15)	—	—	—	—	—	**—**	1,103	**1,103**
At December 31, 2023	**144,263**	**(57,863)**	**133,718**	**(423,490)**	**—**	**(203,372)**	**51,119**	**(152,253)**

Consolidated Statement of Changes in Equity for the Year Ended December 31, 2023 (continued)

Nature and purpose of reserves

Translation reserve
The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Cash flow hedge reserve
The cash flow hedge reserve includes mark-to-market revaluation movements, net of tax, on the effective derivatives used in the Group’s cash flow hedging.

Reserve of disposal group held for sale
The reserve of disposal group held for sale relates to the translation reserve and cash flow hedge reserve balances of the South African operations which had been transferred to held for sale. On June 3, 2022 the Group disposed of its interests in the South African operations.

Consolidated Statement of Financial Position at December 31, 2023

	Note	**2023 €'000**	2022 €'000
Non-current assets			
Property, plant and equipment	18	**7,024,519**	5,912,975
Intangible assets and goodwill	19	**9,134**	13,587
Deferred tax assets	14	**45,151**	36,468
Derivative financial instruments	25	**368,395**	404,961
Other non-current assets	20	**118,533**	140,103
		7,565,732	6,508,094
Current assets			
Trade and other receivables	21	**268,251**	245,379
Income tax receivable		**22,841**	21,468
Cash and cash equivalents	22	**377,270**	385,332
		668,362	652,179
TOTAL ASSETS		**8,234,094**	7,160,273
Equity			
Share capital	29	**10**	10
Share premium	29	**9,990**	9,990
Contributed surplus		**134,263**	134,263
Translation reserve		**(57,863)**	(46,142)
Cash flow hedge reserve	25	**133,718**	179,884
Retained earnings		**(423,490)**	(120,547)
Total equity attributable to owners of the Company		**(203,372)**	157,458
Non-controlling interest		**51,119**	53,371
Total equity		**(152,253)**	210,829
Non-current liabilities			
Provisions	23	**130,368**	102,377
Borrowings	24	**7,021,925**	4,764,694
Deferred tax liability	14	**426,204**	344,551
Derivative financial instruments	25	**51,263**	5,298
		7,629,760	5,216,920
Current liabilities			
Short-term provisions	23	**38,096**	34,264
Shareholder loan		**—**	1,090,231
Short-term borrowings	24	**488,183**	442,247
Trade and other payables	26	**225,020**	153,299
Income tax payable		**5,288**	12,483
		756,587	1,732,524
TOTAL EQUITY AND LIABILITIES		**8,234,094**	7,160,273

The Notes on pages 12 to 75 are an integral part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on April 15, 2024. They were signed on its behalf by:

Sonnedix Power Holdings Limited
Director
Represented by:
Karen Boesen (Legal representative)

Sonnedix Solar Holdings Limited

Consolidated Statement of Cash Flows for the Year Ended December 31, 2023

	Note	**2023 €'000**	2022 €'000
Cash flows from operations			
(Loss) / profit before tax		**(305,045)**	99,701
Adjustments to reconcile profit/ (loss) before tax to net cash flows:			
Depreciation of property, plant and equipment	18	**467,075**	337,042
Impairment of assets	10	**63,057**	(3,662)
Amortisation of intangible assets	7	**5,039**	4,066
Loss on disposal of fixed assets		**2,015**	708
Gain on disposal of investments		**(215)**	(16,907)
Gain on energy price hedges		**59,386**	9,133
Net finance expense		**289,902**	85,917
Movement in provisions		**(6,407)**	49,797
Change in working capital:			
(Increase) / decrease in trade and other receivables		**(5,691)**	29,948
Increase / (decrease) in trade and other payables		**65,617**	(6,253)
Increase in energy price hedges		**(10,128)**	(24,274)
Interest paid		**(217,656)**	(147,804)
Other finance expense		**(5,531)**	(4,581)
Tax paid		**(39,326)**	(5,995)
Net cash flows from operating activities		**362,092**	406,836
Cash flows from investing activities			
Interest received		**3,002**	3,339
Reserve account release / (funding)		**24,952**	(1,759)
Purchase of property, plant and equipment		**(364,168)**	(371,247)
Acquisition of subsidiaries	15, 16	**(756,496)**	(657,033)
Cash acquired in acquisition of subsidiaries	15, 16	**64,564**	33,871
Deferred and contingent consideration receipts / (payments)		**587**	(3,175)
Disposal of subsidiaries, net of cash held		**6,543**	12,113
Decrease/ (increase) in other financial fixed assets		**(2,170)**	642
Net cash flows from investing activities		**(1,023,186)**	(983,249)
Cash flows from financing activities			
Sale of non-controlling interest	17	**8,436**	64,226
Equity (returned to) / received from non-controlling interest, net		**(3,533)**	3,920
Dividend paid to non-controlling interest		**(710)**	(769)
Proceeds from bank and other loans		**1,498,735**	756,448
(Payment of) / proceeds from shareholder loan	27	**(116,866)**	331,829
Repayment of bank and other loans		**(677,806)**	(443,488)
Lease payments	31	**(13,069)**	(5,854)
Loan arrangement fees		**(37,701)**	(12,267)
Payments made to cancel swaps	28	**—**	(539)
Net cash flows from financing activities		**657,486**	693,506
Net (decrease) / increase in cash and cash equivalents		**(3,608)**	117,093
Cash and cash equivalents at beginning of year	22	**385,332**	311,489
Movements in foreign exchange		**(4,454)**	(49,553)
Less: cash transferred from held for sale		**—**	6,303
Cash and cash equivalents at the end of the year	22	**377,270**	385,332

The Group presents its cash flows using the indirect method.

Notes to the consolidated financial statements

1 General information

Sonnedix Solar Holdings Limited (the "Company" or, together with its subsidiaries, the "Group") was incorporated without reserve liability under the laws of Bermuda on May 30, 2011. Its business address is in Hamilton, Bermuda. The Group operates across several countries and does not have any single principal place of business.

The business activity of the Group is the acquisition, development, construction and operation of renewable energy projects to be used for the generation and sale of electrical energy. The Group has renewable energy projects with a total capacity of 3.05 GW (2022: 2.19 GW) in operation and 7.43 GW (2022: 6.59 GW) under construction or development as at December 31, 2023.

The Company's shareholder is Sonnedix Power Holdings Limited. As at December 31, 2023, the ultimate parent company is IIF Int'l Holding SCSp, a fund for institutional investors.

2 Material accounting policies

a) Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and therefore the Group financial statements comply with Article 4 of the EU IAS Regulations. The consolidated financial statements are presented in euros and all values are rounded to the nearest thousand (€'000), except when otherwise indicated.

The consolidated financial statements were approved by the Board of Directors and authorised for issue on April 15, 2024.

The consolidated financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments and contingent consideration payable on acquisitions. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The principal accounting policies adopted are set out below.

b) Going concern

The financial statements have been prepared in accordance with the going concern basis of accounting. The use of this basis of accounting takes into consideration the Group's current and forecast financing position. The Company is funded by its shareholder via a shareholder loan rather than equity. The shareholder loan, due to Sonnedix Power Holdings Ltd is available until December 31, 2050.

The global macroeconomic environment has remained volatile with the Group being most significantly impacted by fluctuations in energy prices and interest rates.

In 2023, 82% of Group revenues come from fixed rate tariffs and therefore the impact of energy price volatility is limited to a small portion of the Group's operational cash flows. In addition, the Group has a policy of hedging or fixing at least 70% of the loans in each currency to reduce the interest rate exposure. More information on the Group's approach to financial risk management can be found in Note 28.

c) Basis of consolidation

The consolidated financial statements consist of the financial statements of the Group and its subsidiaries as at December 31, 2023. Control is achieved when the Group has power over the investee, is exposed to 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.

Notes to the consolidated financial statements

Where the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including the contractual arrangement with the other vote holders of the investee, rights arising from other contractual arrangements and the Group's voting and potential voting rights. In Japan, project investments are made via a TK-GK structure, and in Spain, some investments are made via a Luxembourg GP structure and, as a result, the Group does not own the majority of voting rights. It does, however, consider that it has control over the projects on the basis of the contractual arrangements in place and its significant exposure to the variable rights and returns of the projects.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amounts of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control of a subsidiary, it derecognises the assets and liabilities, carrying amount of any non-controlling interests and the cumulative translation differences recorded in equity. The difference between this and the fair value of any consideration received plus the fair value of any investment retained is recognised in profit or loss.

As at December 31, 2023, details of the Company's subsidiary undertakings, all of which are included in the consolidated Group financial information are given in Note 34. The principal activities of all subsidiary entities relate to the development and operation of renewable energy projects.

d) Acquisitions of subsidiaries

When assessing whether an acquired set of assets and activities is a business or an asset, the Group first elects to apply an optional concentration test. Where the concentration test is applied, the acquisition is treated as the acquisition of a group of assets rather than a business combination if substantially all of the fair value of the gross assets acquired (excluding cash and cash equivalents and deferred tax assets) is concentrated in a single asset or group of similar identifiable assets. Consideration paid in such acquisitions is allocated to acquired assets and liabilities and contingent liabilities based on their estimated fair values.

Where the concentration test is not met, a further assessment of whether the acquired set of assets and activities is a business will be performed.

Notes to the consolidated financial statements

Asset acquisitions

Acquisitions of subsidiaries that meet the concentration test and are treated as the acquisition of a group of assets require all individual identifiable assets acquired and liabilities assumed at the acquisition date to be identified. The identified assets and liabilities are assigned a carrying amount based on their fair value at the date of acquisition. The consideration transferred is allocated to the individual identifiable assets and liabilities on the basis of their relative fair values.

The consideration transferred may include the fair value of any asset or liability resulting from a contingent consideration arrangements. The fair value of contingent consideration is initially recognised as part of the investment cost of the subsidiary if the obligation to make the variable payment is not wholly dependent on future activities of the business and are linked to the value of the asset at the acquisition date. If the obligation to make the variable payment is wholly dependent on future activities of the business, then the Group has elected to recognise a liability only when the contingent payment crystallises.

Business combinations

For acquisitions of subsidiaries that are treated as the acquisition of a business the Group uses the acquisition method of accounting. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement measured at its acquisition date fair value. Acquisition-related costs are expensed as incurred.

Subsequent changes to the fair value of contingent consideration are adjusted against the cost of acquisition where they qualify as measurement period adjustments. All other subsequent changes in the fair value of contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously-held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The fair value of any assets arising in a business combination that could be considered intangible are, in line with IFRS 3 B32b, included within the fair value of the power plant as a single asset for financial reporting purposes, if the asset is not separable from the power plant and the useful lives of those assets are similar.

Goodwill

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over the net of the acquisition-date fair value amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss for goodwill is not reversed in a subsequent period.

e) Foreign currencies

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

Items included in the financial statements of each of the Group's subsidiaries are measured using the currency of the primary economic environment in which the entity operates (the functional currency). Several Group companies operate in currencies other than the euro, primarily the US dollar, Japanese yen, British pound, Chilean peso and Polish zloty. On consolidation, transactions in these currencies are translated at the average exchange rates for the period and balance sheet items are translated at the rates prevailing at year end. Exchange differences (if any) arising are recognised in other comprehensive income ("OCI").

Transactions in foreign currencies are recorded at the rates of exchange ruling at the transaction dates. Monetary assets and liabilities are translated into the functional currency at the exchange rate ruling at the balance sheet date, with a corresponding charge or credit to the income statement.

f) Revenue from contracts with customers

The recognition of revenue from contracts with customers is based on the fulfilment of performance obligations. The Group's performance obligation is the delivery of electricity produced to the local operator of the electricity grid, or other off-taker in accordance with existing contracts. The performance obligation is deemed settled once the electricity has passed through the off-take point, which could be considered an ongoing process; in practice revenues are recorded based on the right to invoice, using the IFRS practical expedient, being the total MWh per month which has passed the off-take point. Revenues are calculated based on periodic meter readings and the price of electricity established in the contract, normally at a price per MWh. Revenues are recognised net of value added tax ("VAT") and rebates.

Revenues generated by power plants that are still within the testing period (the time interval to bring the asset to the intended use conditions) are recognised as revenue in the income statement.

The disclosure of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 4.

Other income is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided outside of the normal course of business, net of discounts, VAT and other sales-related taxes.

g) Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Financial costs of debt are allocated to periods over the term of the related debt at a constant rate on the carrying amount. Arrangement fees and issue costs are deducted from the debt proceeds on initial recognition of the liability and are amortised and charged to the income statement as finance costs over the term of the debt.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Notes to the consolidated financial statements

h) Taxation

Current tax

Income tax expense for the year is calculated as the sum of current tax resulting from applying the corresponding tax rate to taxable profit for the year for the respective subsidiary's local country regulation, less any applicable rebates and tax credits, taking into account changes during the year in recognised deferred tax assets and liabilities. The corresponding tax expense is recognised in the income statement, except when it relates to transactions recognised directly in equity, in which case the corresponding tax expense is likewise recognised in equity.

Deferred tax

Deferred income tax is recognised using the liability method on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts. The tax base of an asset or liability is the amount attributed to it for tax purposes. Deferred tax liabilities are recognised for all 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 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

The Group recognises deferred tax assets for all deductible temporary differences, unused tax credits and unused tax loss carried forward, to the extent that it is probable that future taxable profit will be available against which these assets may 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 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 balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

For Group entities which own renewable energy projects, deferred tax assets are not recognised until the projects becomes operational as this is considered to be one of the criteria for it being probable that future taxable profit will be available against which these assets may be utilised.

Deferred tax assets and liabilities are measured at the tax rate expected to apply to the period in which they reverse, as required by enacted tax laws and in the manner in which it reasonably expects to recover the asset's carrying value or settle the liability.

Deferred tax assets and liabilities are not discounted and are classified as non-current assets or non-current liabilities, respectively. Tax rates applied are based on the respective countries where the operating assets exist.

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.

Notes to the consolidated financial statements

i) Property, plant and equipment ("PPE")

Items of PPE are initially measured at cost. The cost of PPE includes expenditure directly attributable to the acquisition of the asset and, for self-constructed assets, the material cost, direct labour and any other costs directly attributable to bringing the asset into working condition for its intended use. Permits and licences are included in the cost of the solar and wind plant assets given the inseparability of the plants and the corresponding permits and licences. The cost of solar and wind plant assets also includes the initial estimate of the present value of asset dismantling or restoration obligations and other associated costs, such as the cost of restoring assets where these obligations exist.

Interest costs incurred during the construction period are capitalised in line with the Group's policy on borrowing costs.

Following initial measurement, PPE is stated at cost less accumulated depreciation and any recognised impairment loss.

Expenses for repairs which do not prolong the useful life of the assets, as well as maintenance expenses, are taken to the income statement in the year incurred. Expenses incurred for expansion or improvements which increase the productivity or prolong the useful life of the asset are capitalised as an increase in the value of the item.

When available for use, PPE is depreciated on a straight-line basis over its estimated useful life. Freehold land is not depreciated.

The estimated useful lives of PPE are as follows:

	Useful lives
Solar plant assets	20-25 years or remaining land lease term if shorter
Wind plant assets	25 years or remaining land lease term if shorter
Transmission line assets	25 years or remaining land lease term if shorter
Office equipment	3-5 years

Leased assets are amortised over the life of the lease on a straight-line basis.

Land is not depreciated unless it is a right-of-use asset recognised in accordance with IFRS 16 Leases, in which case it is depreciated over the remaining term of the lease.

The Group reviews the assets' residual value, useful lives and depreciation methods at year end and adjusts them prospectively where applicable.

For some solar plant assets in France the useful life has been reduced to align with the expiry of the 20-year feed in tariff period, see Note 10 for further information.

j) Impairment of non-current assets excluding goodwill

The Group assesses at each balance sheet date whether there is an indication that a tangible or intangible asset may be impaired. If any indication exists, the Group estimates the asset's recoverable amount.

The recoverable amount is the higher of the cash-generating unit's ("CGU") fair value less cost of disposal and value in use. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired. To assess value in use, expected future cash flows are discounted to their present value using risk free market rates, adjusted by the risks specific to the asset. For those assets that do not generate cash inflows that are largely independent of those from other assets or groups of assets, the recoverable amount is determined for the cash-generating units to which the asset belongs.

Notes to the consolidated financial statements

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or CGU in prior years.

k) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Where the Group is a lessee it applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date, an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term plus any reasonably certain lease extensions, as considered in Note 4.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term or a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments). The Group's lease liabilities are included in borrowings (see Note 24).

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

l) Provisions

Provisions are recognised in the balance sheet when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the obligation.

Provisions are measured at the present value of the best estimate of the consideration required to settle the obligation at the balance sheet date or to transfer it to a third-party at that time, recognising provision discount adjustments as a finance cost as they accrue. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Liabilities for decommissioning costs are recognised when the Group has an obligation to dismantle and remove a facility or an item of plant and to restore the site on which it is located and when a reliable estimate of that liability can be made. An obligation for decommissioning may also crystallise during the period of operation of a facility through a change in legislation or through a decision to terminate operations. The amount recognised is the present value of the estimated future expenditure determined in accordance with local conditions and requirements. A corresponding item of property, plant and equipment of an amount equivalent to the provision is also created and depreciated in line with the Group's depreciation policy.

m) Share-based payments

Certain members of senior management receive remuneration in the form of share-based payments. They are issued either non-voting shares that can be either cash or equity settled, or "LTIP Units" that are cash settled (see Note 30). Both categories have rights equivalent to share appreciation rights.

At each reporting date, the fair value of the shares and units are estimated taking into account the non-vesting conditions and other relevant terms and conditions. The expense in relation to the estimated fair value of the shares and units are proportionately allocated to the service period. The proportional share of the service period expense and any changes in the value of the shares and units are recognised in profit or loss for the period.

n) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial recognition and measurement of financial assets

With the exception of trade receivables and financial assets measured at fair value through profit or loss, the Group initially measures a financial asset at its fair value plus transaction costs. Trade receivables are measured at the transaction price determined under IFRS 15 Revenue from Contracts with Customers. Financial assets measured at fair value through profit or loss are measured at fair value. In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income ("OCI"), it needs to give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Subsequent measurement of financial assets

For purposes of subsequent measurement at each balance sheet date, the Group classifies its financial assets in the following categories:

- those to be measured at fair value through OCI;
- those to be measured at fair value through profit or loss; and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Foreign exchange gains and losses and impairment losses are presented as a separate line item in profit or loss.

Notes to the consolidated financial statements

The following financial assets of the Group are measured at amortised cost:
- cash and cash equivalents;
- trade receivables; and
- loans, deposits and other receivables.

The following financial assets of the Group are measured at fair value through OCI or fair value through profit or loss:
- derivative financial instruments; and
- other financial assets.

Contingent consideration on purchase of subsidiaries
When the Group acquires a new subsidiary, the Group may be contractually obligated to pay additional consideration when the acquired company reaches certain performance-related or other targets. For acquisitions that are treated as business combination, the fair value of such contingent consideration is initially recognised as part of the investment cost of the subsidiary. At each subsequent reporting date, the fair value is remeasured, with the movements going through profit or loss. For acquisitions of subsidiaries that are treated as an acquisition of a group of assets rather than a business combination the fair value of contingent consideration is initially recognised as part of the investment cost of the subsidiary if the obligation to make the variable payment is not wholly dependent on future activities of the business and is linked to the value of the asset at the acquisition date. If the obligation to make the variable payment is wholly dependent on future activities of the business, then the Group has elected to recognise a liability only when the contingent payment crystallises.

Derivative financial instruments
The Group enters into hedging instruments to protect against exposures to variability in interest rates, foreign exchange movements and energy price movements. Such derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are classified as fair value through profit or loss unless the derivative is designated effective as a hedging instrument in which case it is classified as fair value through OCI. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:
- There is an economic relationship between the hedged item and the hedging instrument.
- The effect of credit risk does not dominate the value changes that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The Group may also enter into hedging instruments to protect against future exposures. To qualify for hedge accounting the hedged item must also be considered a highly probable forecast transaction.

Notes to the consolidated financial statements

The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Interest rate swaps are valued using valuation techniques with market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, interest rate curves and forward rate curves of the underlying commodity.

The Group also enters into energy price Contracts for Difference (CfDs). The Group pays, or is paid, the difference between an agreed strike price and a reference price at the time of electricity supply.

CfDs are classified as fair value through profit or loss unless the CfD is designated effective as a hedging instrument in which case it is classified as fair value through OCI.

At the date the contract is entered into CfDs are measured at the transaction price (€nil). The difference between the fair value at inception and the transaction price is deferred as the fair value calculation model is based on unobservable inputs. The deferred difference is amortised over the relevant payment period of the CfD.

Other financial assets
Other financial assets, relating to minor investments in publicly traded companies or similar, are stated at fair value. Gains and losses arising from changes in fair value are recognised in other comprehensive income.

Cash and cash equivalents
Cash includes cash on hand and cash with banks. Cash equivalents are short-term, highly-liquid investments that are readily convertible to known amounts of cash with three months or less remaining to maturity from the date of acquisition and that are subject to an insignificant risk of change in value.

Trade receivables
Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 Revenue from Contracts with Customers.

Loans, deposits and other receivables
Loans, deposits and other receivables that have fixed or determinable payments that are not quoted in an active market are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

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 principal or the most advantageous market must be accessible to the Group.

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.

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

Notes to the consolidated financial statements

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:

- 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 the purpose of fair value disclosures, the Group 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.

Impairment

The Group assesses on a forward-looking basis, the expected credit losses ("ECL") associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The measurement of ECL reflects an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and all reasonable and supportable information that is readily available at the end of each reporting period about past events, current conditions and forecasts of future conditions.

For trade receivables the Group applies a simplified approach outlined in IFRS 9 and measures the allowance for impairment losses at expected lifetime credit losses from initial recognition of the receivables. Based on historic data regarding the recoverability of the Group's trade receivables, current conditions and forecasts of future conditions, impairment of receivables is expected to be insignificant.

Trade and other payables

Trade payables are initially measured at fair value and are subsequently remeasured at amortised cost using the effective interest method; this method allocates the interest expense over the relevant period by applying the effective interest rate to the carrying amount of the liability.

Borrowings

Borrowings are recognised initially at the fair value of the proceeds received which is determined using the prevailing market rate of interest for a similar instrument, if significantly different from the transaction price, net of transaction costs incurred. In subsequent periods, borrowings are recognised at amortised cost, using the effective interest rate method; any difference between fair value of the proceeds (net of transaction costs) and the redemption amount is recognised as a finance cost over the period of the borrowings. Borrowing costs directly attributable to acquisition of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time the assets are substantially ready for their intended use. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Notes to the consolidated financial statements

3 Adoption of new and revised standards

The following new standards and amendments became effective as of January 1, 2023 and where applicable have been applied by the Group for the first time in 2023:

- Disclosure of Accounting policies – Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2.
- Definition of Accounting Estimates – Amendments to IAS 8.
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12.
- International Tax Reform – Pillar Two Model Rules - Amendments to IAS 12.

Disclosure of Accounting policies – Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2
Amendments to IAS 1 replaces the requirement to disclose all significant accounting policies with all material accounting policies. The Group has reviewed its accounting policies and considers them all to be material therefore the amendment has had no impact on the consolidated financial statements.

Definition of Accounting Estimates – Amendments to IAS 8
Amendments to IAS 8 introduces a new definition of 'accounting estimates'. The amendments are designed to clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors.

This amendment had no impact on the consolidated financial statements of the Group as there were no changes in accounting estimates that resulted from the correction of prior period errors.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12
Amendments to IAS 12 narrows the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal taxable and deductible temporary differences. As a result, the Group recognises a deferred tax asset and deferred tax liability for temporary differences arising on the initial recognition of a lease and a decommissioning provision. The amendments apply prospectively to transactions that occur on or after the beginning of the earliest comparative period presented.

The Group offsets deferred tax assets and liabilities where there is a legally enforceable right to set off current tax assets against current liabilities and the deferred tax assets and liabilities concerned relate to income taxes raised by the same taxation authority. Any deferred tax assets and liabilities recognised as a result of the amendments to IAS 12 have been also offset and therefore the amendment has had no impact on the consolidated financial statements of the Group.

International Tax Reform – Pillar Two Model Rules - Amendments to IAS 12
The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The amendments had an impact on the Group's disclosures but not on the measurement, recognition or presentation of any items in the Group's consolidated financial statements (See Note 14).

Notes to the consolidated financial statements

IFRSs not yet effective
The following IFRSs have been issued but have not been applied by the Group in these consolidated financial statements as they are effective for years beginning on or after January 1, 2024 or have not yet been endorsed by the European Union.

Standard	Applicable for accounting periods beginning on or after:
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2024
IFRS 18 Presentation and Disclosure in Financial Statements	January 1, 2027

Amendments to IAS 1 clarifies the requirements for classifying liabilities as current or non-current. The presentation of the Group's liabilities will be reviewed for compliance with this amendment

IFRS 18 will replace IAS 1 Presentation of Financial Statements and it will introduce three key new requirements on the presentation and disclosures in the financial statements, with a focus on the income statement and reporting of financial performance. The presentation of the Group's financial statements will be reviewed for compliance with this amendment.

The adoption of these standards is not expected to have a significant impact on the Group's consolidated financial statements.

The Group did not adopt any standards, interpretations and amendments to standards which were available for optional early adoption and relevant to the Group.

The Group will adopt the above standards or amendments in the year in which they become effective and/or endorsed by the European Union, whichever is later.

4 Critical accounting judgements and key sources of estimation uncertainty

The directors have prepared the consolidated financial statements using judgements and estimates based on historical experience and other factors considered reasonable under the circumstances. The carrying amount of assets and liabilities, where not readily apparent from other sources, was established on the basis of these judgements and estimates. The Group periodically reviews these judgements and estimates. However, given the inherent uncertainty, the need may arise to make significant adjustments to the carrying amounts of assets and liabilities affected in future periods should changes occur in the hypotheses or circumstances on which the resulting values were based.

The key assumptions regarding the future, in addition to other relevant information regarding uncertainty estimation at the reporting date, which represent a considerable risk that the carrying amounts of assets and liabilities may require significant adjustments in the following financial year, are as follows:

Impairment of non-financial assets
When measuring non-current assets other than financial assets estimates must be made to determine their fair value to assess if they should be impaired. To determine fair value, the directors estimate the expected cash flows from assets and the cash-generating units to which they belong, applying an appropriate discount rate to calculate the present value of these cash flows. See Note 18 and 19 for further information.

Notes to the consolidated financial statements

Impairment of financial assets
The Group considers a financial asset in default when contractual terms have been breached or, in certain cases, when management believe that internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full. In this situation, the Group will apply the expected credit loss model ("ECL") to assess impairment of the financial assets. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and management's best estimate of the expected cash flows that the Group will receive, discounted using the original effective interest rate.

Useful lives of property, plant and equipment
The residual value and the useful life of the Group's assets are reviewed at least at each financial year end and, if expectations differ from previous estimates, any change is accounted for prospectively as a change in estimate. Where the Group will carry out solar panel replacement works ("repowering") on a solar power plant, it may be necessary to revise the remaining useful life of the solar panels. Certain lender and customer approvals are required in order to complete a repowering and therefore judgement is required in assessing the point at which the Group expects that the repowering will take place. Following receipt of all required approvals and confirmation of the business case an amendment is made to the remaining useful life of the panels.

Deferred tax assets
Deferred tax assets are recognised for all unused tax losses carried forward where it is probable that future taxable profit will be available against which these assets may be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits. See Note 14 for further information.

Provision for dismantling costs
The Group has recognised a provision for dismantling the respective plants and restoring the surrounding land where it has a contractual or constructive obligation to do so. To determine the amount of the provision, the Group estimates a discount rate, the expected future dismantling costs and the point in time when dismantling is expected to occur. See Note 23 for further information.

Fair value of acquired assets and liabilities
In determining the fair value of net assets acquired on the acquisition of subsidiaries that are treated as the acquisition of a group of assets rather than a business combination, the Group allocates the consideration to each of the assets and liabilities identified. The consideration is agreed in an arm's-length negotiation between willing buyers and sellers. The consideration is based on the estimated future cash flows of the acquired business. The transaction may include contingent consideration dependent on specific events defined in the purchase agreement. To calculate the fair value, management assess the probability of these events and the resultant cash flows to prepare a probability weighted discounted cash flow of the contingent consideration.

Fair value of financial and derivative financial instruments
In determining the fair value of the Group's financial instruments, including credit and debit value adjustments, the Group's management uses judgement to select a variety of methods and verifies assumptions that are mainly based on market conditions existing at the balance sheet date. Where possible, the Group's management also obtains fair value measurements from third parties. See Note 28 for further information.

Notes to the consolidated financial statements

Revenue vs Lease

Consideration has been made as to whether the contracts with customers constitute a revenue contract under IFRS 15 or a lease agreement under IFRS 16. Determining whether an arrangement is, or contains, a lease shall be based on the substance of the arrangement and requires an assessment of whether throughout the period of use the customer has both of the following:

- the right to obtain substantially all of the economic benefits from use of the asset; and
- the right to direct the use of the asset.

In assessing the contracts, management has followed the guidance in IFRS 16 and has concluded that all contracts with customers constitute revenue contracts, not lease contracts. The primary factors in reaching this conclusion are that Sonnedix has the right to direct the use of the asset, or direct others to use the asset and makes the relevant decisions about how and for what purpose the asset is used.

Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. The majority of the Group's leases relate to land use or land access rights for the power plants operated by the Group. In these instances, where such options are at the option of the Group, it is expected that any lease extension options will be exercised and termination options will not be exercised, in order to maximise the useful economic life of the power plants. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects whether the Company is reasonably certain to exercise or not to exercise the option to renew or to terminate.

Leases – estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group would have to pay. The Group estimates the IBR based on the recent financing activities that the Group has undertaken in the relevant country.

Climate change

We conducted a high-level assessment of our physical climate-related risks, focusing on exposure to key acute and chronic climate risk types, and looked at the risk mitigation actions required to enhance the Group's resilience in response.

We utilised the scenarios based on the Representative Concentration Pathways (RCP) designed by the Intergovernmental Panel on Climate Change (IPCC) in their Fifth Assessment Report (AR5), which were mapped to the latest IPCC AR6 report's Shared Social Economic Pathway (SSPs) scenarios.

In our assessment, we looked at three plausible climate scenarios: a below 2°C scenario (1.5°C scenario), 2-3°C scenario and a 4°C scenario. These are in line with the IPCC representative concentration and shared social economic pathways (RCPs mapped to SSPs) RCP2.6 (SSP1), RCP4.5 (SSP2) and RCP8.5 (SSP5) respectively.

Where solar plants are exposed to drought conditions increased dust levels could increase solar panel soiling and reduce panel efficiency, similarly extreme heat stress can reduce the efficiency of solar panels. With the application of appropriate mitigating actions, such as more regular cleaning, the financial impact of climate change was assessed as immaterial to the Group.

Notes to the consolidated financial statements

5 Revenue from contracts with customers

	2023 €'000	2022 €'000
Spain	**326,724**	270,749
Chile	**161,746**	71,177
Italy	**127,553**	129,487
Japan	**122,459**	124,657
France	**108,508**	104,343
Germany	**2,412**	2,828
United Kingdom	**960**	1,428
Poland	**210**	—
South Africa	**—**	6,826
	850,572	711,495

The revenue for the year relates to the sale of solar and wind generated electrical energy. In 2023, revenue increased by 20% (2022: 28%) from €711,495,000 to €850,572,000 primarily due to the recognition of a full year of revenue from acquisitions in Chile during 2022 and acquisitions in Chile and Spain in 2023.

Italian revenue includes a loss of €6,820,000 for the provision for the Sostegni Ter Decree regulation (2022: loss of €25,362,000), intended to cap excess merchant revenues, that is currently under appeal, see Note 23 for further information.

6 Cost of sales

	Note	2023 €'000	2022 €'000
Depreciation of solar plant assets		**426,208**	316,615
Depreciation of leased land		**19,284**	12,223
Depreciation of wind plant assets		**15,499**	5,079
Depreciation of transmission line assets		**3,042**	830
Depreciation	18	**464,033**	334,747
Electricity costs		**54,209**	43,849
Operations and maintenance expenses		**42,912**	31,709
Repair costs		**14,404**	5,452
Plant insurance		**13,117**	7,916
Land lease costs	31	**1,646**	986
Generation taxes		**—**	18,952
Other		**4,165**	3,605
Other cost of sales		**130,453**	112,469
		594,486	447,216

Electricity costs are mostly within Chile (2023: €50,384,000; 2022: €38,988,000) and primarily relate to the cost of purchasing electricity to fulfil baseload PPA contracts.

Generation taxes relates to a 7% tax charged in Spain on the total revenue originated by energy production, including both regulatory and market revenues. In 2023, the generation tax in Spain was suspended.

Notes to the consolidated financial statements

7 Administrative expenses

	Note	**2023 €'000**	2022 €'000
Staff costs	8	**76,074**	68,519
Property and other taxes		**25,699**	18,333
Project development costs		**17,654**	5,399
Consulting costs		**15,945**	14,596
IT costs		**8,228**	5,700
Professional fees for acquisitions		**6,482**	9,559
Amortisation of intangible assets	19	**5,039**	4,066
Legal fees		**4,798**	5,075
Audit fees		**2,648**	2,443
Depreciation of offices and equipment	18	**3,042**	2,295
Travel expenses		**2,747**	2,778
Accounting fees		**2,296**	2,352
Asset management fees		**2,022**	1,946
Loss on disposal of fixed assets		**2,015**	708
Training costs		**1,288**	1,389
Office lease costs	31	**1,186**	951
Other administrative expenses		**6,729**	4,282
		183,892	150,391

Property and other taxes, including withholding taxes, are mostly within Japan (2023: €14,016,000; 2022: €9,221,000).

Project development costs relate to costs incurred to develop the Group's pipeline of early-stage development projects.

8 Staff costs

	Note	**2023 €'000**	2022 €'000
Wages and salaries		**52,919**	42,662
Long-term incentive programme	30	**10,436**	16,466
Social security		**7,745**	6,377
Pension costs – defined contribution		**1,550**	1,091
Other staff costs		**3,424**	1,923
		76,074	68,519

As at December 31, 2023, 474 (2022: 457) people were employed by the Group. 20 (2022: 21) further staff members were working under other contractual arrangements.

Notes to the consolidated financial statements

9 Other operating income and expenses

	Note	2023 €'000	2022 €'000
Provision for onerous contract	23	**(30,812)**	4,568
Fair value movement on ineffective energy price hedges		**(8,501)**	6,291
Insurance and indemnity income		**8,635**	31,706
Liquidated damages and warranty claims		**1,818**	3,567
Fair value movement on contingent consideration	23	**526**	569
Net gain on disposal of Kita		**215**	—
Net gain on disposal of South African operations		—	15,697
Net loss on disposal of Puerto Rican operations		—	(623)
Net gain on disposal of Soma Yamakami		—	1,833
Other operating income		**3,839**	4,460
		(24,280)	68,068

In August 2021, the Group was awarded baseload PPA contracts with Distribution Companies in Chile ("DisCo PPAs") to supply the energy consumption of regulated costumers for 15 years starting in January 2026. Due to several material changes, including a change in the environmental law published in September 2023, the likelihood of fulfilling the PPAs has decreased significantly. Failure to fulfil the contracts results in the forfeit of bid and performance bonds and additional fines. The Group is pursuing a range of potential mitigating actions however as at December 31, 2023 there is no certainty on the outcome of these possible actions therefore a provision for the onerous contract of €30,812,000 has been recognised for the maximum expected losses to be incurred as a result of not fulfilling the PPAs (see Note 23).

Ineffective energy price hedges are as a result of accounting for acquisitions as part of the consolidated financial statements, see Note 25.

On January 18, 2023, the Group disposed of its 99% controlling interest in Oishida-machi Solar GK for a consideration of €6,763,000. The company was part of the Japanese operations and owned the development asset Kita. The asset was not a material component of the Group and did not represent an operating business. Therefore, this was not treated as a discontinued operation in the 2023 financial statements.

On June 3, 2022, the Group disposed of its operations in South Africa which included a 100% controlling interest in Sonnedix Solar South Africa Holdings (Pty) Ltd and a 60% controlling interest in the Prieska solar plant. The sale resulted in a gain on disposal of €15,697,000. The results of the South African operations in 2022 did not represent a material component of the Group therefore it has not been treated as a discontinued operation in the 2023 financial statements.

Notes to the consolidated financial statements

10 Impairment

	Note	**2023 €'000**	2022 €'000
Arco - Conejo		**28,631**	—
France		**33,012**	—
French tariff cut		**(57,740)**	—
Japan		**4,121**	—
Germany		**2,510**	—
Solar plant assets	18	**10,534**	—
Arco – El Arrayan		**16,460**	—
Wind plant assets	18	**16,460**	—
Arco – Don Goyo		**36,063**	—
Transmission line assets	18	**36,063**	—
Kita		—	(3,662)
Assets under construction – Development assets	18	—	(3,662)
		63,057	(3,662)

The Group completed its annual impairment test on December 31, 2023. Solar, wind and transmission line assets are assessed for impairment on a portfolio-by-portfolio basis where a portfolio of assets are those contained within the same financing perimeter. Where an indicator of impairment is identified additional analysis is performed on a plant-by-plant basis.

The recoverable amount of solar and wind plant assets has been determined based on a value in use calculation using free cash flow projections from financial forecasts, approved by senior management, covering the life of the assets.

The recoverable amounts for the impaired assets are as follows:

	Recoverable Amount €'000
Arco - Conejo	230,667
France	276,219
Japan	32,882
Germany	5,339
Solar plant assets	**545,107**
Arco – El Arrayan	251,027
Wind plant assets	**251,027**
Arco – Don Goyo	20,464
Transmission line assets	**20,464**
	816,598

Notes to the consolidated financial statements

The discount rates used in preparing the value in use calculations are as follows:

	Discount rate
Arco	5.7%
France	4.3%
Japan	3.9%
Germany	4.6%

In determining future free cash flows the significant assumption is the forecasted part of revenue that is variable and not fixed under feed-in-tariff or other contracts. In order to forecast variable revenues the Group uses forecast energy prices prepared by reputable third-party analysts.

Arco

The Group completed the acquisition of the Arco portfolio on October 19, 2022. The portfolio comprises a utility scale solar plant ("Conejo"), a utility scale wind plant ("El Arrayan"), a transmission line ("Don Goyo'), together with a number of smaller PMGD wind and solar plants.

Both Conejo and El Arrayan are partly exposed to pool price variation in the Chilean energy market. During the year this market has seen localised over supply of electricity, leading to depressed energy prices or curtailment of the plants, on a greater scale than originally anticipated at acquisition. At December 31, 2023 the Group has updated forecast revenue generation to account for these reduced energy prices and increase curtailments, resulting in an impairment of €45,091,000.

In September 2023, the Group received a notification from CNE (National Commission of Energy) communicating that the Don Goyo transmission line would receive a 70% cut in transmission revenues with retrospective application to January 1, 2020. The Group appealed against this tariff reduction on the basis that the CNE had valued the asset incorrectly. In March 2024, the Group received a further notification from CNE confirming a lower reduction of 27%. For the purpose of assessing impairment of the transmission line the Group has completed a value in use calculation based on this revised tariff reduction of 27%. This results in an impairment of €36,063,000. Additionally, a provision of €1,812,000 has been made in the financial statements in respect of revenue which may become repayable to other companies who participate on the Chilean electricity market.

The Arco portfolio includes €2,260,000 of goodwill, attributable to the acquired workforce's ability to develop and grow the pipeline of existing development projects. The impairment relates to the portfolio's operational plants and therefore is not allocated to the goodwill.

France

During the year the Group has identified certain assets in its French portfolio which have a high proportion of fixed operating costs, that cannot be reduced on reaching the end of the current 20-year feed in tariff period. As such these plants become uneconomic to continue running beyond the feed in tariff period. An impairment of €33,012,000 is recognised in respect of these plants and their remaining useful life has been reduced to align with the expiry of the plant's feed in tariff.

French tariff cut

The 2021 French finance law published on December 30, 2020 established the principle of a possible reduction in the tariffs for electricity produced by installations with a peak power of more than 250 kW for contracts concluded in application of the decrees of July 10, 2006, January 12, 2010 and August 31, 2010. The application decree and the ministerial order were published on October 26, 2021.

On November 18, 2021, notifications were received confirming a revised tariff for 18 plants applying from December 1, 2021. However, the Group filed appeals and therefore the application of the new tariff was suspended for a maximum period of 16 months.

Notes to the consolidated financial statements

The intention to reduce the tariffs for electricity was considered an indicator of impairment. In 2021 and 2020, these potential feed-in-tariff cuts resulted in a total impairment of €57,740,000 for the affected assets.

The results from the Council of State's decision dated January 27, 2023 were that the arreté, fixing tariff calculations resulting from the tariff cut was cancelled on the grounds of its absence of notification to European Commission.

On June 23, 2023 the Ministry of Energy Transition announced that the French government had decided not to continue with the revision of these photovoltaic contracts. Each of the 18 affected plants were individually notified during September 2023 of the continuation of their historic tariffs. As a result of the cancellation of the tariff cut, the previously recognised impairment has been reversed in 2023. The discount rates used in preparing the value in use calculations for the affected plants was 4.3% (2022: 2.50% to 3.23%).

Japan
Current market borrowing rates in Japan are above the historically low contracted debt rates that the Group has secured via its project financings and corresponding interest rate swaps. Although there is no commercial change in the borrowing costs of the Japanese assets the use of a market cost of debt in calculating the weighted average cost of capital has resulted in a corresponding impairment for one of the Group’s assets, the Hirono project. The resulting impairment is €4,121,000.

Germany
During the year the Group has revised both revenue and operating cost assumptions for its German assets to align with the latest market forecasts, the result is an impairment of €2,510,000.

Development assets
In 2022, the Group commenced a sales process to dispose of the Kita Project in Japan which was completed in January 2023. As a result a partial reversal of a prior year impairment of €3,662,000 was recognised in 2022.

11 Finance income

	Note	**2023 €’000**	2022 €’000
Bank interest received		**2,156**	455
Interest income on loans to third parties		**581**	881
Fair value gain on ineffective interest rate swaps	25	**138**	67,572
Gain on cancellation of swaps		—	138
Other financial income		**107**	129
		2,982	69,175

Notes to the consolidated financial statements

12 Finance expense

	Note	2023 €'000	2022 €'000
Interest on bank loans		**147,096**	96,869
Fair value loss on ineffective interest rate swaps	25	**43,724**	995
Interest payable to shareholder	27	**36,797**	34,799
Interest on corporate debt		**21,780**	397
Release of capitalised loan arrangement fees		**16,462**	13,448
Lease interest	31	**9,913**	8,456
Loss on cancellation of swaps		**9,785**	—
Provisions – unwinding of discount	23	**1,279**	1,108
Interest on non-controlling interest loans		**1,064**	1,270
Other finance expense		**4,250**	3,420
		292,150	160,762

Fair value loss on ineffective interest rate swaps increased compared to the prior year as a result of falling interest rates in 2023. Ineffective interest rate swaps are as a result of accounting for acquisitions as part of the consolidated financial statements, see Note 25.

Interest on corporate debt increased compared to the prior year as a result of the new corporate debt entered into in February 2023, see Note 24 for further information.

Release of capitalised loan arrangement fees refers to the unwinding of previously paid upfront loan arrangement fees including balances unwound in full upon termination of loans during the year. Further details of the refinanced loans are included in Note 24.

The interest payable to shareholder is paid to Sonnedix Power Holdings Limited (see Note 27).

Loss on cancellation of swaps refers to the fair value loss arising from the cancellation of swaps that were previously considered effective hedging relationships, as part of the Group's refinancing activities (see Note 25).

13 Tax

	Note	2023 €'000	2022 €'000
Current income tax expense			
Corporate income tax		**27,277**	22,295
Adjustments in respect of prior years		**1,672**	(108)
		28,949	22,187
Deferred tax (benefit) / expense			
Relating to origination and reversal of temporary differences		**10,224**	35,325
Relating to tax losses		**(41,859)**	(1,937)
	14	**(31,635)**	33,388
Total tax (income) / expense		**(2,686)**	55,575

The Company's current tax rate in Bermuda is 0% by virtue of a 21-year tax exemption which was due to expire in 2035 (2022: 0%). However, Bermuda on December 27, 2023 enacted the Bermuda Corporate Income Tax Act of 2023 introducing a 15% corporate income tax rate that will be applicable to the Company and effective from January 1, 2025. The portion of the Group's results relating to subsidiaries operating in other countries is subject to tax at the prevailing rate in the relevant country.

Notes to the consolidated financial statements

The tax (income) / expense for the year can be reconciled to the (loss) / profit per the income statement as follows:

	2023 €'000	2022 €'000
(Loss) / Profit before tax	**(305,045)**	99,701
Tax at the Bermudan corporate tax rate of 0%	**—**	—
Effect of different tax rates in operating countries	**(74,676)**	26,374
Adjustment in respect of prior periods	**(104)**	985
Expenses not deductible for tax purposes	**39,704**	3,257
Net operating losses not recognised	**20,426**	17,021
Changes in tax rates	**—**	(609)
Italian substitutive tax	**8,786**	—
Italian solidarity contribution	**—**	5,263
Other	**3,178**	3,284
Tax at the effective tax rate of 1% (2022: 56%)	**(2,686)**	55,575

Under prevailing tax regulations, tax returns may not be considered final until they have either been inspected by tax authorities or until the inspection period has expired. The Company and its subsidiaries are open to inspection of all taxes to which they are liable for the last four years or from incorporation, if later. The Company's directors and tax advisors consider that, in the event of a tax inspection, no significant tax contingencies would arise as a result of varying interpretations of the tax legislation applicable to the Group transactions.

In 2023, an Italian substitutive tax of €8,786,000 was paid to obtain a step-up to the tax basis for goodwill. In 2022, a €5,263,000 Italian solidarity contribution was recognised as a result of the Windfall Profits Tax approved by parliament as part of the Italian 2023 budget.

14 Deferred tax

	Consolidated statement of financial position		**Consolidated income statement**	
	2023 €'000	2022 €'000	**2023 €'000**	2022 €'000
Taxable temporary differences, principally accelerated depreciation	**(565,640)**	(429,381)	**22,981**	19,450
Revaluation of derivatives to fair value	**(69,303)**	(78,511)	**(12,756)**	15,875
Losses available for offsetting against future income	**253,890**	199,809	**(41,860)**	(1,937)
Deferred tax (benefit) / expense			**(31,635)**	33,388
Deferred tax assets	**45,151**	36,468		
Deferred tax liabilities	**(426,204)**	(344,551)		
Net deferred tax liability	**(381,053)**	(308,083)		

Notes to the consolidated financial statements

Reconciliation of deferred tax liability, net	**2023** **€'000**	2022 €'000
At 1 January	**(308,083)**	(131,324)
Deferred tax income during the period recognised in income statement	**31,635**	(33,388)
Deferred tax income during the period recognised in other comprehensive income	**12,457**	(55,243)
Transfer to disposal group	—	656
Deferred taxes acquired in acquisitions of subsidiaries (Notes 15)	**(114,390)**	(5,573)
Deferred taxes acquired in business combinations (Notes 16)	—	(80,503)
Foreign exchange and other movements	**(2,672)**	(2,708)
At 31 December	**(381,053)**	(308,083)

The Group has recognised deferred tax assets for unused tax losses carried forward for which it is considered probable that sufficient taxable profit will be generated in the future against which they can be utilised.

As at December 31, 2023, unused tax losses for which a deferred tax asset has not been recognised amounted to €250,441,000 (2022: €238,349,000) and are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Other temporary differences for which a deferred tax asset has not been recognised amounted to €43,212,000 (2022: €423,000) and are available indefinitely.

International Tax Reform — Pillar Two Model Rules

On December 20, 2021 the OECD/G20 Inclusive Framework on BEPS released the Pillar Two Model Rules aimed to address the tax challenges of the digitalisation of the economy. Pillar Two establishes a global minimum tax regime which will apply to both public and privately held multinational groups with consolidated revenue over €750,000,000.

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

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.

Notes to the consolidated financial statements

15 Asset acquisitions

The Group made the following acquisitions of subsidiaries during 2023 which either satisfied the concentration test or did not meet the definition of a business and were therefore treated as asset acquisitions.

As a result of the acquisitions Sonnedix has increased and diversified its solar power production capacity and development pipeline. It also expects to reduce costs through economies of scale.

Acquisition date	Portfolio	Description of activities	Country	% of voting interests acquired
January 25, 2023	Spinnaker	136MW portfolio of operating solar plants	Spain	100%
January 31, 2023	Olmedilla II	4MW operating solar plant	Spain	100%
January 31, 2023	Pozuelo	2MW portfolio of operating solar plants	Spain	100%
May 26, 2023	Lawns	24MW development solar plant	UK	100%
June 1, 2023	Steag	83MW portfolio of development solar plants	Spain	100%
June 19, 2023	New Solar 3	14MW development solar plant	Italy	100%
September 7, 2023	Oasis - Douro	149MW construction solar plant	Portugal	100%
September 25, 2023	Milito	68MW portfolio of development solar plants	Italy	60%
October 24, 2023	Arcadia	416MW portfolio of operating solar plants	Chile	100%

The Group made the following acquisitions of subsidiaries during 2022 which satisfied the concentration test and were therefore treated as asset acquisitions.

Acquisition date	Portfolio	Description of activities	Country	% of voting interests acquired
January 14, 2022	Corso	11MW development solar plant	Chile	100%
February 4, 2022	Alcantara Part 3	358MW portfolio of development solar plants	Italy	60%
March 1, 2022	Hanamazuki	18MW operating solar plant	Japan	100%
March 3, 2022	Hamilton	8MW development solar plant	UK	70%
April 28, 2022	Espiga (El Carrascal)	20MW development solar plant	Spain	100%
June 27, 2022	Aton 23	5MW development solar plant	Italy	100%
June 27, 2022	Brial	10MW portfolio of operating solar plants	Spain	100%
June 28, 2022	Sonne	7MW portfolio of operating solar plants	Spain	100%
June 28, 2022	Vinaceite	9MW operating solar plant	Spain	100%
July 29, 2022	New Solar 1	28MW development solar plant	Italy	100%
August 3, 2022	AMS 3.0	20MW portfolio of development solar plants	Italy	100%
August 3, 2022	Sandalia	118MW portfolio of development solar plants	Italy	100%
October 21, 2022	Bagnolo	68MW development solar plant	Italy	60%
October 28, 2022	Miel	36MW operating solar plant	Spain	100%
November 29,2022 (3 SPVs) December 20, 2022 (1 SPV) December 30, 2022 (1 SPV)	Aria	299MW portfolio of development solar plants	UK	100%
December 7,2022	Don Dario	235MW development solar plant	Chile	100%
December 15,2022	Alcantara Add-on	260MW portfolio of development solar plants	Italy	60%
December 20, 2022	Santhia	7MW development solar plant	Italy	100%
December 23, 2022	Amda	78MW portfolio of development solar plants	Spain	100%

Notes to the consolidated financial statements

For the asset acquisitions during 2023, the estimated fair value of the identifiable assets and liabilities at the date of acquisition were as follows:

	Note	**Arcadia €'000**	**Spinnaker €'000**	**Other Portugal €'000**	**Other Spain €'000**	**Other UK €'000**	**Other Italy €'000**	**2023 Total €'000**	2022 Total €'000
Property, plant and equipment	18	568,272	790,203	23,725	25,695	3,819	4,754	**1,416,468**	345,226
Deferred tax assets	14	—	2,789	—	364	—	—	**3,153**	2,231
Other non-current assets		—	14,115	—	603	—	—	**14,718**	2,225
Derivative financial instruments	28	—	74,410	—	—	—	—	**74,410**	31,220
Trade and other receivables		4,593	20,545	1,015	589	248	388	**27,378**	7,471
Cash and cash equivalents		1,849	59,592	40	3,081	—	2	**64,564**	12,154
Total assets		**574,714**	**961,654**	**24,780**	**30,332**	**4,067**	**5,144**	**1,600,691**	400,527
Provisions	23	(1,919)	(17,155)	—	(615)	—	—	**(19,689)**	(2,639)
Non-current borrowings	28	(6,787)	(621,081)	—	(9,710)	—	—	**(637,578)**	(33,161)
Deferred tax liability	14	(48,274)	(69,269)	—	—	—	—	**(117,543)**	(7,804)
Short-term borrowings	28	—	(43,434)	—	(706)	—	—	**(44,140)**	(1,749)
Trade and other payables		(3,479)	(15,099)	(5,109)	(191)	(8)	(256)	**(24,142)**	(8,978)
Total liabilities		**(60,459)**	**(766,038)**	**(5,109)**	**(11,222)**	**(8)**	**(256)**	**(843,092)**	(54,331)
Total identifiable net assets at fair value		**514,255**	**195,616**	**19,671**	**19,110**	**4,059**	**4,888**	**757,599**	346,196
Non-controlling interest		—	—	—	—	—	(1,103)	**(1,103)**	(6,277)
Net assets acquired		**514,255**	**195,616**	**19,671**	**19,110**	**4,059**	**3,785**	**756,496**	339,919
Cash flows on acquisition									
Net cash acquired		1,849	59,592	40	3,081	—	2	**64,564**	12,154
Cash paid		(514,255)	(195,616)	(19,671)	(19,110)	(4,059)	(3,785)	**(756,496)**	(311,718)
Net cash flow on acquisition		**(512,406)**	**(136,024)**	**(19,631)**	**(16,029)**	**(4,059)**	**(3,783)**	**(691,932)**	(299,564)
Deferred consideration		—	—	—	—	—	—	—	(28,201)
Contingent consideration	23	—	—	—	—	—	—	—	—

Notes to the consolidated financial statements

16 Business combinations

All of the acquisitions of subsidiaries made during 2023 satisfied the concentration test and therefore there are no acquisitions treated as business combinations in 2023.

The Group made the following acquisitions of subsidiaries during 2022 which did not satisfy the concentration test and met the definition of a business and were therefore treated as business combinations in accordance with IFRS 3.

As a result of the acquisitions Sonnedix increased and diversified its renewable energy production capacity, entered Poland which was a new territory for the Group and added wind capacity which was a new technology for the Group.

Acquisition date	Acquiree	Portfolio	Description of business	Country	% of voting interests acquired
February 17, 2022	Sun Power Energy sp. z o.o., PV 1030 sp. z o.o., Violasol sp. z o.o., WTL10 sp. z o.o., WTL30 sp. z o.o., WTL70 sp. z o.o., WTL90 sp. z o.o., WTL110 sp. z o.o., WTL180 sp. z o.o., WTL190 sp. z o.o., WTL230 sp. z o.o., WTL240 sp. z o.o., WTL250 sp. z o.o., WTL260 sp. z o.o., WTL280 sp. z o.o., WTL290 sp. z o.o., WTL300 sp. z o.o., WTL310 sp. z o.o., WTL320 sp. z o.o., WTL330 sp. z o.o., WTL340 sp. z o.o., WTL350 sp. z o.o., WTL360 sp. z o.o., WTL370 sp. z o.o., WTL380 sp. z o.o., WTL390 sp. z o.o., WTL400 sp. z o.o., WTL410 sp. z o.o., WTL420 sp. z o.o., WTL430 sp. z o.o., WTL440 sp. z o.o., WTL450 sp. z o.o.	SPE	1GW development pipeline of solar plants and a workforce of 20 people	Poland	100%
October 19, 2022	Inversiones Arco 1 SpA, Conejo Solar SpA, Parque Eolico El Arrayan SpA, Don Goyo Holdings SpA, Don Goyo Transmision SpA, Inversiones Arco 2 SpA, Parque Eolico El Nogal SpA, Parque Eolico El Maiten SpA, Inversiones Arco 3 SpA, Parque Solar Amparo del Sol SpA, Parque Solar SpA, Parsosy Illapel 5 SpA, Joaquin Solar SpA, Angela Solar SpA, Las Perdices SpA, Las Codornices SpA, Victoria Solar SpA, Paine Energy SpA, Fotovoltaica Algarrobo SpA, Don Pedro SpA, Arco Admin Holding SpA, Arco Chile Holdings SpA, Administradora Arco SpA, Inversiones Asociadas I SpA, Parque Eolico Carica SpA, Librillo Solar SpA	Arco	290MW portfolio of operating solar and wind plants, 203MW portfolio of development solar and wind plants and a workforce of 28 people	Chile	100%

Notes to the consolidated financial statements

For the acquisitions during 2022, the estimated fair value of the identifiable assets and liabilities at the date of acquisition were as follows:

	Note	Arco €'000	SPE €'000	**2022 Total €'000**
Goodwill	19	2,195	5,676	**7,871**
Intangible assets	19	—	9,978	**9,978**
Property, plant and equipment	18	746,081	22,851	**768,932**
Deferred tax assets	14	43,452	—	**43,452**
Other non-current assets		557	—	**557**
Derivative financial instruments	28	17,626	—	**17,626**
Trade and other receivables		22,235	8	**22,243**
Cash and cash equivalents		21,588	129	**21,717**
Total assets		**853,734**	**38,642**	**892,376**
Provisions	23	(9,895)	—	**(9,895)**
Non-current borrowings	28	(384,724)	—	**(384,724)**
Deferred tax liability	14	(121,027)	(2,928)	**(123,955)**
Short-term borrowings	28	(21,828)	—	**(21,828)**
Trade and other payables		(13,513)	(100)	**(13,613)**
Total liabilities		**(550,987)**	**(3,028)**	**(554,015)**
Total identifiable net assets at fair value		**302,747**	**35,614**	**338,361**
Non-controlling interest		—	—	—
Net assets acquired		**302,747**	**35,614**	**338,361**
Cash flows on acquisition				
Net cash acquired		21,588	129	**21,717**
Cash paid		(302,747)	(35,614)	**(338,361)**
Acquisition costs		(5,685)	(1,269)	**(6,954)**
Net cash flow on acquisition		**(286,844)**	**(36,754)**	**(323,598)**
Deferred consideration		—	—	—
Contingent consideration	23	—	—	—

The goodwill of €7,871,000 related to the value of the existing work force's ability to develop and grow the pipeline of development projects. None of the goodwill recognised is expected to be deductible for income tax purposes.

Notes to the consolidated financial statements

Contingent consideration
The 2022 SPE acquisition includes contingent consideration valued at €nil (2022: €nil), relating to the following arrangement:

- Marciszów earn-out – dependent on achieving grid connections for the Marciszów development project

The range of the undiscounted contingent consideration payable is estimated to be between €nil and €2,750,000 (2022: €nil and €10,702,000). If applicable, the expected payment date is estimated to be in 2024.

During 2023 the following earn-outs relating to this acquisition expired with no payments:

- Remediation actions earn-out – dependent on certain development milestones for a number of projects
- Kronospan earn-out – dependent on achieving grid connections for the Kronospan development project
- Kronospan RTB earn-out – dependent on achieving RTB for the Kronospan development project

Additional disclosures
Acquisition costs incurred to complete the transactions are recognised within professional fees for acquisitions in administrative expenses (Note 7) in the consolidated income statement.

Derivatives relate to interest rate hedges. Where these have significant fair values at the acquisition date they cannot be recognised as effective hedges and therefore hedge accounting cannot be applied. The subsequent movements in fair value of the ineffective swaps are recognised in the income statement (see Note 25).

17 Non-controlling interests

Sale of non-controlling interest
In 2023, the Group completed the sale of a non-controlling interest in the following Japanese project for a total consideration (net of transaction costs) of €8,436,000:

On November 14, 2023:
- 39.6% of the 41.6MW Sano project

In 2022, the Group completed the sale of non-controlling interests in the following Japanese projects for a total consideration (net of transaction costs) of €64,226,000:

On September 14, 2022:
- 39.6% of the 38.6MW Oita project
- 39.6% of the 36.4MW Kurayoshi project

On October 24, 2022:
- 39.6% of the 55.6MW Hitachi Juo project

Notes to the consolidated financial statements

18 Property, plant and equipment

The movements in property, plant and equipment are as follows:

	Note	Land €'000	Solar plant assets €'000	Wind plant assets €'000	Transmission line assets €'000	Assets under construction €'000	Offices and equipment €'000	**Total €'000**
Cost								
At January 1, 2023		390,005	5,784,359	330,491	62,181	558,622	26,918	7,152,576
Additions		18,263	31,146	1,911	60	338,839	5,904	396,123
Acquisition of subsidiaries	15	38,251	1,345,382	—	—	32,835	—	1,416,468
Disposal of subsidiaries		(956)	—	—	—	(15,154)	—	(16,110)
Transfers		—	344,099	—	—	(344,099)	—	—
Disposals		—	(37,452)	—	—	—	(3)	(37,455)
Foreign exchange		(12,239)	(145,010)	(10,039)	(1,883)	(11,469)	101	(180,539)
At December 31, 2023		**433,324**	**7,322,524**	**322,363**	**60,358**	**559,574**	**32,920**	**8,731,063**
Accumulated depreciation and impairment								
At January 1, 2023		(34,092)	(1,180,268)	(5,001)	(817)	(12,928)	(6,495)	(1,239,601)
Disposal of subsidiaries		—	—	—	—	12,598	—	12,598
Disposals		—	35,437	—	—	—	2	35,439
Foreign exchange		906	12,245	870	811	330	(10)	15,152
Impairment	10	—	(10,534)	(16,460)	(36,063)	—	—	(63,057)
Charge for the year	6, 7	(15,499)	(426,208)	(19,284)	(3,042)	—	(3,042)	(467,075)
At December 31, 2023		**(48,685)**	**(1,569,328)**	**(39,875)**	**(39,111)**	**—**	**(9,545)**	**(1,706,544)**
Carrying amount								
At December 31, 2023		**384,639**	**5,753,196**	**282,488**	**21,247**	**559,574**	**23,375**	**7,024,519**
At January 1, 2023		355,913	4,604,091	325,490	61,364	545,694	20,423	5,912,975

Notes to the consolidated financial statements

	Note	Land €'000	Solar plant assets €'000	Wind plant assets €'000	Transmission line assets €'000	Assets under construction €'000	Offices and equipment €'000	**Total €'000**
Cost								
At January 1, 2022		313,669	4,880,036	—	—	522,522	19,312	5,735,539
Additions		30,516	18,746	23	—	323,903	7,912	381,100
Acquisition of subsidiaries	15	18,492	222,794	—	—	103,940	—	345,226
Business combinations	16	32,601	339,959	311,140	58,544	26,652	36	768,932
Disposal of subsidiaries		(4,188)	—	—	—	(6,895)	—	(11,083)
Transfers		—	372,348	—	—	(372,348)	—	—
Disposals		—	(37,879)	—	—	(4)	(86)	(37,969)
Foreign exchange		(1,085)	(11,645)	19,328	3,637	(39,148)	(256)	(29,169)
At December 31, 2022		**390,005**	**5,784,359**	**330,491**	**62,181**	**558,622**	**26,918**	**7,152,576**
Accumulated depreciation and impairment								
At January 1, 2022		(25,234)	(904,373)	—	—	(23,534)	(4,391)	(957,532)
Disposal of subsidiaries		1,878	—	—	—	6,895	—	8,773
Disposals		—	36,400	—	—	—	82	36,482
Foreign exchange		490	4,320	78	13	1,046	109	6,056
Impairment	10	997	—	—	—	2,665	—	3,662
Charge for the year	6, 7	(12,223)	(316,615)	(5,079)	(830)	—	(2,295)	(337,042)
At December 31, 2022		**(34,092)**	**(1,180,268)**	**(5,001)**	**(817)**	**(12,928)**	**(6,495)**	**(1,239,601)**
Carrying amount								
At December 31, 2022		**355,913**	**4,604,091**	**325,490**	**61,364**	**545,694**	**20,423**	**5,912,975**
At January 1, 2022		288,435	3,975,663	—	—	498,988	14,921	4,778,007

Notes to the consolidated financial statements

The Group operates solar plants in Spain, France, Italy, Japan, Poland, Chile, Germany, Portugal and the UK. The Group operates wind plants in Chile.

Transfers from Assets under construction to Solar plant assets relates to projects that converted from in construction to in operation during 2023 in Chile (179MW), Spain (122MW), France (18MW), Japan (16MW), Italy (11MW) and Poland (2MW).

Solar plant asset disposals during the year relate to repowering activities mostly within Italy (2023: €36,549,000; 2022: €17,412,000).

Solar plant assets include a decommissioning asset with a net book value of €26,394,000 (2022: €23,255,000). Wind plant assets include a decommissioning asset with a net book value of €1,564,000 (2022: €1,653,000).

The value of capital commitments on tangible assets at December 31, 2023 was €402,805,000 (2022: €244,272,000).

The amount of borrowing costs capitalised during the year was €1,696,603 (2022: €3,537,000). The effective interest rate of the capitalised borrowing costs is 3.03% (2022: 1.42%).

The carrying value of solar plant assets pledged as security for the non-recourse financing is €5,733,882,000 (2022: €4,581,330,000). The carrying value of wind plant assets pledged as security for the non-recourse financing is €282,488,000 (2022: €325,490,000).

19 Intangible assets and goodwill

The movements in intangible assets and goodwill are as follows:

	Note	Goodwill €'000	Contracts with customers €'000	**Total €'000**
Cost				
At January 1, 2022		—	—	—
Business combinations	16	7,871	9,978	17,849
Foreign exchange		17	(209)	(192)
At December 31, 2022		**7,888**	**9,769**	**17,657**
Foreign exchange		367	770	1,137
At December 31, 2023		**8,255**	**10,539**	**18,794**
Accumulated amortisation and impairment				
At January 1, 2022		—	—	—
Foreign exchange		—	(4)	(4)
Charge for the year	7	—	(4,066)	(4,066)
At December 31, 2022		**—**	**(4,070)**	**(4,070)**
Foreign exchange		—	(551)	**(551)**
Charge for the year	7	—	(5,039)	**(5,039)**
At December 31, 2023		**—**	**(9,660)**	**(9,660)**
Carrying amount				
At December 31, 2023		**8,255**	**879**	**9,134**
At December 31, 2022		**7,888**	**5,699**	**13,587**
At January 1, 2022		—	—	—

Goodwill
The increase in goodwill in 2022 was attributable to two business combinations, SPE in Poland (€5,676,000) and Arco in Chile (€2,195,000).

For impairment testing, goodwill acquired through business combinations is allocated to the cash-generating units ("CGUs") expected to benefit from the synergies of the combination.

Carrying amount of goodwill allocated to each of the CGUs

	December 31, 2023 €'000	December 31, 2022 €'000
Poland:		
SPE	**5,995**	5,557
Chile:		
Arco	**2,260**	2,331
	8,255	7,888

The Group completed an annual goodwill impairment test on December 31, 2023. The CGUs that goodwill has been allocated to are assessed for impairment. Where an indicator of impairment is identified additional analysis is performed on a plant-by-plant basis.

The recoverable amount of the CGUs has been determined based on a value in use calculation using cash flow projections from financial forecasts approved by senior management covering the life of the renewable energy projects.

Notes to the consolidated financial statements

The calculation of value in use for the CGUs that goodwill has been allocated to is most sensitive to the following assumptions:

- Energy price forecasts – based on forecast energy prices prepared by reputable third-party analysts
- Interest rates – based on forward curves provided by reputable third parties
- Discount rates – based on market assumptions for weighted average cost of capital ("WACC")
- Plant useful lives

At December 31, 2023, there were no indicators of impairment for CGUs that goodwill has been allocated to and therefore no impairment has been recognised in 2023.

Contracts with customers
Within the SPE acquisition the Group acquired a contract to act as a solar project development partner for a third-party engineering, procurement and construction ("EPC") company. The contract includes the right to receive income on the fulfilment of certain development milestones and to participate in a profit share when the EPC company sells the operating solar plant. The contract is amortised over a two-year period from the SPE acquisition date.

20 Other non-current assets

	December 31, 2023 €'000	December 31, 2022 €'000
Reserve accounts	**81,277**	93,657
Guaranteed deposits	**17,117**	19,189
Loans receivable	**12,116**	9,946
Advances	**4,312**	15,512
Other financial assets	**3,711**	1,799
	118,533	140,103

Reserve accounts include debt service reserve accounts which is a minimum balance required to be held by the bank in order to protect future debt service obligations and maintenance and other reserve accounts which is a minimum balance required to be held by the bank in order to fund specific future maintenance or other activities. The balance is primarily held in in Spain (2023: €55,730,000; 2022: €38,258,000) and Italy (2023: €17,557,000; 2022: €31,452,000).

Guaranteed deposits are mainly held in Chile (2023: €11,199,000; 2022: €14,838,000), and Spain (2023: €4,888,000; 2022: €4,074,000) and relate to guarantees for PPAs.

Loans receivable primarily relate to International Solar Services Ltd (2023: €5,651,000; 2022: €4,917,000).

Notes to the consolidated financial statements

21 Trade and other receivables

	December 31, 2023 €'000	December 31, 2022 €'000
Accrued income	**113,312**	82,920
VAT recoverable	**56,267**	73,584
Trade receivables	**50,313**	30,408
Advances	**23,826**	16,899
Prepayments	**11,440**	16,463
Minority interest shareholder receivables	**5,774**	4,949
Short-term deposits	**3,061**	12,798
Spare parts inventory	**2,146**	2,120
Interest receivable	**26**	290
Other receivables	**2,086**	4,948
	268,251	245,379

The directors consider that the carrying amounts of trade and other receivables approximate their fair value. All amounts are receivable within one year.

Trade receivables and accrued income result from the sale of solar and wind generated electrical energy to energy off-takers, such as utility companies. The majority of the trade receivables, which had been invoiced before the year end, lie within Spain (2023: €28,214,000; 2022: €11,932,000), Chile (2023: €10,658,000; 2022: €7,272,000) and France (2023: €7,613,000; 2022: €6,240,000). Accrued income, which includes amounts invoiced after the year end or settled via other arrangements, lie mainly within Italy (2023: €42,335,000; 2022: €41,979,000), Spain (2023: €31,427,000; 2022: €6,836,000) and Chile (2023: €23,508,000; 2022: €15,052,000).

Information about the credit exposures is disclosed in Note 28.

As at December 31, 2023, trade receivables of €50,313,000 (2022: €30,408,000) were fully performing and therefore no significant expected credit losses were recognised.

VAT recoverable balances at December 31, 2023 are mainly held in Italy (2023: €25,433,000; 2022: €23,160,000), Japan (2023: €7,719,000; 2022: €26,926,000) and Chile (2023: €7,048,000; 2022: €17,315,000).

Minority interest shareholder receivables relates to advance profit distributions paid in Japan to the minority TK investor.

Notes to the consolidated financial statements

22 Cash and cash equivalents

	December 31, 2023 €'000	December 31, 2022 €'000
Cash	**377,270**	385,332

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets is approximately equal to their fair value.

At year end, the Group's cash balances are held in the following currencies:

	December 31, 2023 €'000	December 31, 2022 €'000
Euro	**286,789**	266,506
Japanese yen	**44,618**	53,425
US dollar	**35,213**	52,309
Chilean peso	**9,413**	12,442
Polish zloty	**737**	228
British pound	**500**	420
South African rand	**—**	2
	377,270	385,332

23 Provisions

	Note	Decommissioning provision €'000	Long-term incentive plan €'000	Contingent consideration €'000	Regulatory provisions €'000	Onerous contract provision (Note 9) €'000	Other provisions €'000	**Total €'000**
At January 1, 2022		36,362	—	9,850	30,967	12,810	3,007	**92,996**
Unwinding of discount	12	1,108	—	—	—	—	—	**1,108**
Additions		2,109	13,803	—	36,081	—	1,419	**53,412**
Acquisition of subsidiaries	15	1,485	—	—	1,106	—	48	**2,639**
Business combinations	16	9,895	—	—	—	—	—	**9,895**
Utilised during the year		—	(2,663)	(2,920)	—	(8,242)	—	**(13,825)**
Change in estimate/fair value		(6,567)	2,663	(569)	—	(4,568)	(1,180)	**(10,221)**
Foreign exchange		843	(186)	5	—	—	(25)	**637**
At December 31, 2022		**45,235**	**13,617**	**6,366**	**68,154**	**—**	**3,269**	**136,641**
Unwinding of discount	12	1,279	—	—	—	—	—	**1,279**
Additions		2,782	10,436	—	6,820	30,812	3,049	**53,899**
Acquisition of subsidiaries	15	5,588	—	—	13,891	—	210	**19,689**
Utilised during the year		—	(24,140)	460	—	—	—	**(23,680)**
Change in estimate/fair value		(190)	—	(526)	(15,014)	—	(2,006)	**(17,736)**
Foreign exchange		(1,070)	87	—	—	(619)	(26)	**(1,628)**
At December 31, 2023		**53,624**	**—**	**6,300**	**73,851**	**30,193**	**4,496**	**168,464**
Long-term provisions		53,624	—	4,100	37,955	30,193	4,496	**130,368**
Short-term provisions		—	—	2,200	35,896	—	—	**38,096**
At December 31, 2023		**53,624**	**—**	**6,300**	**73,851**	**30,193**	**4,496**	**168,464**

The Group recognises a provision for dismantling and decommissioning costs where it has a contractual obligation to do so, and where the final treatment of the plant is at the option of the land owner. The decommissioning costs have been estimated based on available market data but there is a degree of uncertainty regarding the cost and timings. The dismantling costs are expected to be paid out at the end of the plant useful life.

The long-term incentive plan is a share-based payment scheme (see Note 30).

Notes to the consolidated financial statements

Contingent consideration
Contingent consideration is classified at level 3 within the fair value hierarchy.

As a result of the acquisitions of certain subsidiaries, the Group has entered into the following contingent consideration arrangements. The fair value of contingent consideration is calculated using probability-weighted discounted cash flows.

		Fair value		Undiscounted range		
Portfolio	Description of arrangement	2023 €'000	2022 €'000	Low €'000	High €'000	Estimated settlement
Bilbao	O&M contractor bonus earn-out – dependant on the calculation of the bonus due to the O&M contractor under the EPC contract	**4,000**	4,000	—	4,000	2024-2026
Bilbao	132 kV power line works earn-out – dependant on the evacuation capacity of the project being increased to 38.7 MWn	**2,300**	2,300	—	2,300	2024-2026
SPE	Remediation actions earn-out – dependent on certain development milestones for a number of projects	**N/A**	—	N/A	N/A	Expired
SPE	Marciszów earn-out – dependant on achieving grid connections for the Marciszów development project	**—**	—	—	2,750	2024
SPE	Kronospan earn-out – dependant on achieving grid connections for the Kronospan development project	**N/A**	—	N/A	N/A	Expired
Various	Other contingent consideration arrangements	**N/A**	66	N/A	N/A	Settled or expired
		6,300	**6,366**			

Notes to the consolidated financial statements

Regulatory provisions

The regulatory provisions of €73,851,000 relates to excess revenues earned in Spain €41,669,000 (2022: €42,792,000) and Italy €32,182,000 (2022: €25,362,000).

Spain

Under the Spanish Regulated Regime, all remuneration parameters may be modified in each regulatory period, including the value used to calculate the reasonable return of the regulatory useful life of the plants. 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. During 2021 and 2022, the actual market prices exceeded the agreed return and therefore a provision was made for the amount expected to be deducted under the regulated regime. During 2023, the actual market prices were lower than the agreed return and therefore the provision was reduced. The provision has been recognised in revenues from electricity sales in the income statement. The provision is expected to be returned in the next and future regulatory periods. Of the total provision, €3,714,000 is expected to be returned in 2024.

Italy

During 2022, a new law was implemented in Italy (the "Sostegni Ter Decree") which put in place a price cap mechanism impacting solar plants in Italy that receive a Feed-in-tariff under the Conto Energia incentive mechanism. Merchant revenues for the period from February – December 2022 exceeding a fixed "reference price" are required to be returned to the GSE, this was subsequently extended to also cover the period from January – June 2023. A provision has been recognised in 2022 and 2023 for the amounts that are expected to be returned to the GSE under the Sostegni Ter Decree. The provision has been deducted from revenues from electricity sales in the income statement.

In February 2023, the administrative court ("TAR") in Italy declared that the Sostegni Ter Decree was unlawful and incompatible with European law and the principles recently established at the EU level. In March 2023, the Regulatory Authority for Energy, Networks and Environment ("ARERA") filed an appeal to challenge the ruling of the TAR court. The matter was referred to the European Court of Justice ("ECJ") and the first hearing has yet to be scheduled.

As at December 31, 2023, the ECJ hearing has not been scheduled therefore considering the facts and circumstances available at the reporting date it is appropriate to maintain the 2023 provisions.

Notes to the consolidated financial statements

24 Borrowings

	Note	December 31, 2023 €'000	December 31, 2022 €'000
Secured borrowing at amortised cost			
Senior term bank loans		**4,814,212**	4,010,364
Loan arrangement fees		**(117,182)**	(87,936)
Bonds		**826,387**	746,222
Corporate debt		**632,927**	100,000
Lease liabilities		**339,539**	310,186
DSR credit facilities		**5,467**	—
		6,501,350	5,078,836
Unsecured borrowing at amortised cost			
Loans from shareholder	27	**973,366**	1,090,231
VAT loans		**19,295**	41,141
Loans from non-controlling interests		**16,097**	16,958
Corporate debt		—	70,000
Other loans		—	6
		1,008,758	1,218,336
Total borrowings		**7,510,108**	6,297,172

	December 31, 2023 €'000	December 31, 2022 €'000
Repayable within 1 year (Shareholder loan)	**—**	**1,090,231**
Repayable within 1 year	**488,183**	**442,247**
Repayable between 1 and 5 years	**2,651,236**	**1,841,149**
Repayable after 5 years	**4,370,689**	**2,923,545**
	7,510,108	**6,297,172**

All secured borrowings are non-recourse. Borrowings are secured only on the assets and contracts of the solar and wind power plants to which they relate. There is no recourse to other Group members. VAT loans are loans from credit institutions agreed at the same time as the financing of renewable energy projects specifically to cover the VAT element of the construction and are repaid when the VAT has been recovered from the local authority, generally within less than two years of drawdown.

Sonnedix Power Holdings Limited provides a shareholder loan at an interest rate of 4% per annum (see Note 27).

Non-controlling interest loans include Fario SAS €14,205,000 (2022: €15,868,000), ICS Srl €878,000 (2022: €1,090,000), Cox Energy Latin America Chile SL €690,000 (2022: €nil) and Flying Carpet Srl €324,000 (2022: €nil) which bear market rates of interest.

Notes to the consolidated financial statements

Credit institutions

Details of the Group's principal bank loans, bonds, VAT loans and debt service reserve credit facilities are set out below:

December 31, 2023

Currency	Fixed / variable interest	Interest rate	Maturity	Maximum facility €'000	Non-current €'000	Current €'000	Total €'000
Senior term loans (including leases)							
Euro	Variable	EURIBOR + 1.15% to 3.25%	2025 to 2047	2,957,505	2,429,554	231,341	2,660,895
Euro	Fixed	2.15% to 6.50%	2024 to 2038	29,228	24,693	4,535	29,228
Japanese yen	Variable	JPY TIBOR/TONA + 0.50% to 1.15%	2035 to 2042	1,085,409	998,738	64,487	1,063,225
Japanese yen	Fixed	1.55% to 3.65%	2030 to 2042	28,086	26,312	1,943	28,255
US dollar	Variable	USD SOFR + 1.93% to 3.03%	2024 to 2039	1,022,502	974,825	39,247	1,014,072
US dollar	Fixed	3.69% to 5.35%	2032 to 2035	21,804	20,148	1,656	21,804
Bonds							
Euro	Fixed	1.85% to 4.05%	2036 to 2041	800,699	744,931	55,768	800,699
Euro	Variable	EURIBOR + 1.60% to 1.80%	2031 to 2035	230,547	24,143	1,545	25,688
Corporate debt							
Euro	Variable	EURIBOR + 1.65% to 2.70%	2024 to 2030	1,090,000	505,500	60,000	565,500
Japanese yen	Fixed	4.09%	2033 to 2038	67,427	67,427	—	67,427
VAT loans							
Japanese yen	Variable	JPY TIBOR + 0.30% to 0.40%	2024 to 2026	16,381	11,087	3,139	14,226
Euro	Variable	EURIBOR + 1.10% to 1.25%	2024 to 2026	20,408	4,718	351	5,069
DSR credit facilities							
Euro	Variable	EURIBOR + 1.15% to 3.25%	2028 to 2047	199,860	5,467	—	5,467
US dollar	Variable	USD SOFR + 1.93% to 3.00%	2026 to 2039	66,428	—	—	—
Japanese yen	Variable	JPY TIBOR/TONA + 0.55% to 1.15%	2035 to 2042	35,828	—	—	—
				7,672,112	**5,837,543**	**464,012**	**6,301,555**

Notes to the consolidated financial statements

December 31, 2022

Currency	Fixed / variable interest	Interest rate	Maturity	Maximum facility €'000	Non-current €'000	Current €'000	Total €'000
Senior term loans (including leases)							
Euro	Variable	EURIBOR + 1.15% to 3.25%	2025 to 2046	2,214,907	1,985,322	183,034	2,168,356
Euro	Fixed	1.35% to 5.00%	2023 to 2034	8,233	6,861	1,372	8,233
Japanese yen	Variable	JPY TIBOR/TONA + 0.50% to 0.95%	2035 to 2041	1,242,623	1,096,256	62,969	1,159,225
Japanese yen	Fixed	1.55% to 3.65%	2030 to 2038	29,555	27,562	1,993	29,555
US dollar	Variable	USD LIBOR/SOFR + 1.93% to 4.25%	2026 to 2039	602,775	559,286	27,100	586,386
US dollar	Fixed	3.69% to 6.15%	2032 to 2036	63,710	60,542	3,168	63,710
Bonds							
Euro	Fixed	2.20% to 3.72%	2036 to 2041	732,393	687,776	44,617	732,393
Euro	Variable	EURIBOR + 1.60%	2031	13,829	12,305	1,524	13,829
Corporate debt							
Euro	Variable	EURIBOR + 1.00% to 2.00%	2023-2025	185,000	100,000	70,000	170,000
VAT loans							
Japanese yen	Variable	JPY TIBOR + 0.30% to 0.40%	2023 to 2026	42,978	6,594	27,901	34,495
Chilean peso	Variable	TAB nominal + 2.00%	2024	5,836	3,959	—	3,959
US dollar	Variable	USD SOFR + 1.93%	2025	5,938	2,312	—	2,312
Euro	Variable	EURIBOR + 1.10%	2024	1,000	375	—	375
DSR credit facilities							
Euro	Variable	EURIBOR + 1.15% to 3.25%	2028 to 2046	134,272	—	—	—
US dollar	Variable	USD LIBOR/SOFR + 1.93% to 3.00%	2026 to 2039	39,234	—	—	—
Japanese yen	Variable	JPY TIBOR/TONA + 0.55% to 0.95%	2035 to 2040	35,383	—	—	—
				5,357,666	**4,549,150**	**423,678**	**4,972,828**

Notes to the consolidated financial statements

The interest rates shown in the tables above exclude the effect of related interest rate swaps on the variable rates. The Group has a policy of hedging or fixing >70% of the loans in each currency to reduce the interest rate exposure (see Note 28).

Senior term loans, bonds, VAT loans and DSR credit facilities are project level borrowings and corporate debt is corporate level borrowings.

Fair value of borrowings
The secured borrowings, VAT loans and the unsecured corporate debt are classified as Level 2 within the fair value hierarchy. The carrying values and fair values calculated using the discounted cash flows are:

		December 31, 2023 €'000		December 31, 2022 €'000
	Carrying value	**Fair value**	Carrying value	Fair value
Secured borrowing at amortised cost				
Senior term bank loans	**4,814,212**	**4,802,476**	4,010,364	4,001,674
Loan arrangement fees	**(117,182)**	**(117,182)**	(87,936)	(87,936)
Bonds	**826,387**	**647,831**	746,222	654,836
Corporate debt	**632,927**	**632,654**	100,000	100,000
Lease liabilities	**339,539**	**339,350**	310,186	310,112
DSR credit facilities	**5,467**	**5,467**	—	—
	6,501,350	**6,310,596**	5,078,836	4,978,686
Unsecured borrowing at amortised cost				
VAT loans	**19,295**	**19,295**	41,141	41,141
Corporate debt	**—**	**—**	70,000	70,000
	19,295	**19,295**	111,141	111,141
Total level 2 borrowings	**6,520,645**	**6,329,891**	5,189,977	5,089,827

There is no difference between the book and fair value of the other unsecured borrowings.

New corporate financing
The secured corporate debt primarily relates to a credit agreement entered into in February 2023. The financing includes a seven-year €295,000,000 euro denominated term loan, a 10-year €33,714,000 Japanese yen denominated term loan, a 15-year €33,714,000 Japanese yen denominated term loan, a five-year €230,000,000 euro denominated revolving credit facility and a seven-year €100,000,000 euro denominated letter of credit facility.

The applicable margins under the new facilities are adjusted each year if certain sustainability linked performance targets are achieved.

New Japanese financing
In October 2023, Sonnedix completed the non-recourse refinancing of the Sano project in Japan for a total debt amount of €126,128,000. The financing included secured long-term floating rate bank debt, secured long-term fixed rate bank debt and a debt service reserve facility.

New Spanish financings
In January 2023, Sonnedix completed the non-recourse refinancing of the Bonete project in Spain for a total debt amount of €39,579,000. The financing included secured long-term floating rate bank debt, a debt service reserve facility and a bank guarantee facility.

In January 2023, Sonnedix completed the non-recourse financing of the Pozuelo project in Spain for a total debt amount of €9,650,000. The financing included secured long-term floating rate bank debt and a debt service reserve facility.

Notes to the consolidated financial statements

In March 2023, Sonnedix completed the non-recourse financing of the Miel project in Spain for a total debt amount of €31,252,000. The financing included secured long-term floating rate bank debt, a debt service reserve facility and a letter of credit facility.

In July 2023, Sonnedix completed the non-recourse financing of the Betierra project in Spain for a total debt amount of €85,377,000. The financing included secured long-term floating rate bank debt and a debt service reserve facility.

New Portuguese financing
In December 2023, Sonnedix completed the non-recourse financing of the Figo project in Portugal for a total debt amount of €259,675,000. The financing included secured long-term floating rate bonds, a debt service reserve facility and letter of credit facilities.

New Chilean financing
In October 2023, Sonnedix completed the non-recourse financing of the Arcadia project in Chile for a total debt amount of €565,484,000. The financing included secured long-term floating rate bank debt, a debt service reserve facility and a letter of credit facility.

New French financings
In July 2023, Sonnedix completed the non-recourse financing of the Auriac project in France for a total debt amount of €10,100,000. The financing included secured long-term floating rate bank debt, a VAT loan and a debt service reserve facility.

In August 2023, Sonnedix completed the non-recourse financing of the Provensol I project in France for a total debt amount of €3,800,000. The financing included secured long-term floating rate bank debt, a VAT loan and a debt service reserve facility.

New Italian financings
In February 2023, Sonnedix completed the non-recourse financing of the Perseo project in Italy for a total debt amount of €139,848,000. The financing included secured long-term floating rate bank debt, a VAT loan, a debt service reserve facility and bank guarantee facilities.

In December 2023, Sonnedix completed the non-recourse financing of the Kandle project in Italy for a total debt amount of €257,935,000. The financing included secured long-term floating rate bank debt, a VAT loan, a debt service reserve facility and letter of credit facilities.

New European construction bridge financing
In December 2023, Sonnedix signed the Ponte financing to fund construction activities across Europe. The financing includes a €450,000,000 revolving credit facility and a €50,000,000 letter of credit facility.

Loan covenants
Over the term of the senior term bank loans, VAT loans, bonds and leases, the solar and wind power plant companies must meet certain covenant requirements based on ratios calculated from their financial statements. In the event of failure to meet these ratios the lenders can exercise their rights to accelerate the project loan and take control of the assets and shares pledged as collateral. The most relevant ratio is Debt Service Coverage Ratio (“DSCR”). The minimum DSCR ratio ranges from 1.00 to 1.20, for those loans that require it.

Some of the loans have additional requirements that must be met before distributions can be made to shareholders.

Over the term of the corporate debt certain covenant ratios must be met. In the event of failure to meet these ratios the lenders can exercise their rights to accelerate the loan and take control of the shares pledged as collateral. The relevant ratios are Net Debt to Net Asset Value ratio and Interest Rate Coverage ratio (“ICR”).

Notes to the consolidated financial statements

During the period ended December 31, 2023 none of the loans of the Group were in default as a result of non-compliance with loan covenants.

25 Derivative financial instruments

	December 31, 2023 €'000	December 31, 2022 €'000
Derivatives designated as hedging instruments		
Financial assets		
Effective interest rate swaps	**197,698**	276,477
Ineffective interest rate swaps	**104,412**	72,337
Effective energy price hedges	**44,516**	26,479
Ineffective energy price hedges	**21,769**	29,668
	368,395	404,961
Financial liabilities		
Effective interest rate swaps	**(44,437)**	—
Ineffective interest rate swaps	**(3,236)**	(3,052)
Effective energy price hedges	**(1,601)**	(2,205)
Foreign exchange contracts	**(1,989)**	(41)
	(51,263)	(5,298)
	317,132	399,663

The Group holds 224 interest rate swaps (2022: 149) to hedge a portion of the exposure to changes in interest rates. The increase can be attributed to the acquisitions of projects made during the year and additional swaps taken out as part of refinancing of loans. During the year, €42,132,000 (2022: €7,547,000 interest charge) of interest income on the swap contracts was recognised in the income statement. Details of the nominal amounts and maturities are disclosed in Note 28.

The Group has obtained contracts for difference to hedge exposure to variable energy market prices for 14 solar plants with the contracts ending between 2033 and 2042. The valuation of these derivatives is based on forecast energy prices prepared by reputable third-party analysts. Ineffective energy price hedges are as a result of accounting for acquisitions as part of the consolidated financial statements.

The Group also uses OTC forward contracts to hedge energy prices in Italy (see Note 28).

The effective portion of the gain or loss on hedging instruments is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss.

In 2023 a €138,000 gain and a €43,724,000 loss (2022: €67,572,000 gain and a €995,000 loss) have been recognised in the income statement representing the movement in the fair value of the ineffective interest rate swaps in the year and the transfer of fair values from cash flow hedge reserve to profit and loss on the termination of hedges. The ineffectiveness is mainly a result of accounting for acquisitions as part of the consolidated financial statements.

Notes to the consolidated financial statements

The net movement in other comprehensive income can be broken down as follows:

	2023	2022
	€'000	€'000
Opening balance	**200,090**	(64,562)
Reclassification during the year to profit or loss, gross	**9,785**	(138)
Reclassification during the year to profit or loss, tax effect	**(739)**	—
Net (loss) / gain during the year on effective hedges	**(69,717)**	316,962
Tax on items recognised in other comprehensive income	**12,457**	(55,243)
Disposal of subsidiaries	**—**	2,033
Foreign exchange	**(3,792)**	1,038
Net cash flow hedge reserve at December 31	**148,084**	200,090
Attributable to:		
Owners of the Company	**133,718**	179,884
Non-controlling interest	**14,366**	20,206
	148,084	200,090

All derivative instruments are classified as level 2 within the fair value hierarchy whereby fair value measurements have been determined by reference to observable data in quoted markets at the balance sheet date.

As at December 31, 2023, the mark-to-market value of derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognised at fair value.

26 Trade and other payables

	Note	**December 31, 2023**	December 31, 2022
		€'000	€'000
Trade payables		**82,050**	37,447
Accruals		**50,410**	54,981
Deferred consideration		**28,454**	28,326
Long-term incentive plan	30	**22,932**	399
Taxation and social security		**17,549**	13,334
Bonus payable		**10,444**	8,558
Accrued interest on bank loans		**8,533**	6,010
Amounts due to related parties	27	**1,271**	119
Deposits received		**50**	709
Other payables		**3,327**	3,416
		225,020	153,299

Deferred consideration primarily relates to the 2022 acquisition of the Sandalia portfolio (2023: €28,201,000, 2022: €28,201,000) which has been subsequently settled in February 2024.

Notes to the consolidated financial statements

27 Related party disclosures

The Company's shareholder is Sonnedix Power Holdings Limited.

As at December 31, 2023, the ultimate parent company is IIF Int'l Holding SCSp.

During the year, Group companies entered into the following transactions with related parties who are not members of the Group:

	Nature of the relationship	**2023 €'000**	2022 €'000
Purchase of goods / services			
Interest charge			
Sonnedix Power Holdings Limited	Shareholder	**36,797**	34,799

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's-length transactions. There have been no guarantees provided or received for any related party receivables or payables. For the year ended December 31, 2023, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2022: €nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

The outstanding balances with related parties are as follows:

	Note	**December 31, 2023 €'000**	December 31, 2022 €'000
Loans payable	24	**(973,366)**	(1,090,231)
Current accounts payable	26	**(1,271)**	(119)
		(974,637)	(1,090,350)

Shareholders

On December 18 2014, Sonnedix Solar Holdings Limited. entered into a loan agreement with Sonnedix Power Holdings Limited granting an unsecured facility of €500,000,000., On February 28, 2017 the facility was increased to €1,500,000,000. The loan has fixed interest rate at 4.0% per annum and is available until December 31 2024. On September 27, 2022 the facility was increased to €5,000,000,000 and the availability period extended to December 31, 2050. On February 21, 2023, the shareholder loan agreement was amended such that it is no longer repayable at one month's notice. The loan facility is available until December 31, 2050.

Compensation of key management personnel

	Note	**2023 €'000**	2022 €'000
Short-term employee benefits		**5,599**	4,677
Post-employment benefits		**107**	93
Share-based payment transactions	30	**3,753**	3,522
		9,459	8,292

The key management personnel of the Group is made up of the Board of Directors and several members of senior management.

At December 31, 2023 and 2022 the Group had no pension plans for former or current members of the Board of Directors nor had it given any guarantees on their behalf. At December 31, 2023 and 2022 no advances had been given to members of the Board of Directors.

Notes to the consolidated financial statements

28 Financial instruments

The Group is exposed to the risks that arise from its use of financial instruments. This note describes the objectives, policies and processes of the Group for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

Significant accounting policies
Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each item of financial asset, financial liability and equity instrument are disclosed in the accounting policies section of the financial statements.

Classes of financial instruments
At the end of the year, the Group held the following financial instruments:

	Note	**December 31, 2023 €'000**	December 31, 2022 €'000
Financial assets			
Level 1:			
Cash and cash equivalents	22	**377,270**	385,332
Loans and receivables	20, 21	**339,772**	314,783
Level 2:			
Interest rate swaps	25	**302,110**	348,814
Energy price hedges	25	**66,285**	56,147
		1,085,437	1,105,076
Financial liabilities			
Level 1:			
Other liabilities at amortised cost	24, 26	**(1,196,934)**	(1,247,170)
Level 2:			
Other liabilities at amortised cost	24	**(6,520,645)**	(5,189,977)
Interest rate swaps	25	**(47,673)**	(3,052)
Energy price hedges	25	**(1,601)**	(2,205)
Foreign exchange forward contracts	25	**(1,989)**	(41)
Level 3:			
Contingent consideration	23	**(6,300)**	(6,366)
		(7,775,142)	(6,448,811)

Fair value of financial instruments
Interest rate swaps, foreign exchange forward contracts, energy price hedges (see Note 25) and other financial assets (see Note 20) are measured at fair value. The fair values are based on a combination of bank valuation reports, forward pricing, and swap models.

There is no difference between the book value and the fair value of the other financial instruments, except for the secured borrowings, VAT loans and unsecured corporate debt for which the fair values are disclosed in Note 24.

There were no significant unobservable inputs used in our valuation techniques with the exception of contingent consideration which is classified at level 3 within the fair value hierarchy (Note 23)

Notes to the consolidated financial statements

Changes in liabilities arising from financing activities

	Note	Borrowings (Note 24) €'000	Derivatives (Note 25) €'000	Total €'000
At January 1, 2022		5,239,070	39,726	5,278,796
Cash drawdowns / (settlements)		626,668	(539)	626,129
Acquisition of subsidiaries	15	34,910	(31,220)	3,690
Business combinations	16	406,552	(17,626)	388,926
Disposal of subsidiaries		(4,836)	—	(4,836)
Lease additions (net)		26,736	—	26,736
Change in fair value		—	(390,479)	(390,479)
Foreign exchange movement		(47,112)	475	(46,637)
Other		15,184	—	15,184
At December 31, 2022		6,297,172	(399,663)	5,897,509
Cash drawdowns / (settlements)		652,044	(2,491)	649,553
Acquisition of subsidiaries	15	681,718	(74,410)	607,308
Lease additions (net)		13,739	—	13,739
Change in fair value		—	157,547	157,547
Amortisation of deferred difference on CfDs		—	(2,035)	(2,035)
Foreign exchange movement		(152,277)	3,920	(148,357)
Other		17,712	—	17,712
At December 31, 2023		**7,510,108**	**(317,132)**	**7,192,976**

The Group has obtained contracts for difference ("CfDs") to hedge exposure to variable energy market prices (see Note 25). As explained in accounting policies section of the financial statements, the difference between the fair value of the instrument at initial recognition (day one) and the transaction price is deferred unless the fair value at initial recognition is based on observable inputs (which is not currently the case). The deferred difference is amortised over the relevant payment period of the CfD. As at December 31 ,2023 the amount of this deferred difference was €43,373,000 (2022: €nil).

Financial risk management
The Group risk management policies have been approved by the Group's directors. Based on these policies, the Group's finance department has established a series of procedures and controls which make it possible to identify, measure, and manage the risks arising from financial instrument activity. These policies establish that no trading in derivatives for speculative purposes will be undertaken by the Group.

Financial instrument activity exposes the Group to credit, market and liquidity risk.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk arises principally from the Group's trade and other receivables and its cash balances. The Group gives careful consideration to which organisations it uses for its banking services in order to minimise credit risk. Credit risk is managed by reference to counterparty credit ratings and by regular review of these ratings. The Group's counterparties generally have a rating of Baa1 or higher from Moody's ratings agency.

The customers of the Group are major utilities and large corporations, and other receivables are mainly regarding indirect taxes receivable from Public Administrations. Due to the above, the directors believe that the Group currently has no need to implement a specific credit scoring policy with regards to assessing the credit quality of potential new customers.

There are no significant concentrations of credit risk at the balance sheet date.

Notes to the consolidated financial statements

At December 31, 2023, the Group held no collateral as security against any financial asset. The carrying amount of financial assets recorded in the financial statements, net of any allowances for expected losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained. At December 31, 2023, no financial assets were past their due date and there has been no significant impairment of financial assets during the year (2022: nil).

Market risk
Market risk exists when a potential loss may arise from fluctuations in the fair value or future cash flows of a financial instrument due to changes in market prices. Market risk comprises energy price risks, interest rate risk and currency risk.

Energy price risk
Sonnedix seeks to sell the majority of the solar and wind power electricity generated by its portfolio of plants on fixed price long-term Feed-In-Tariffs ("FITs") or Power Purchase Agreements ("PPAs") in order to limit exposure in the near term to changes in market prices of electricity. In 2023, across all of the jurisdictions in which the Group operates 18% (2022: 22%) of revenue was exposed to market price movements where electricity is sold at spot rate.

The Group's electricity sales in Italy are exposed to spot rate variability. The Group has hedged part of the following year's electricity production in Italy using OTC forward contracts. The fair value of these forward contracts is an €8,440,000 asset (2022: €26,479,000 asset).

There is a risk that local regulatory changes in the countries in which we operate will result in changes to the FITs, however our strategy is to operate in only OECD countries where there is a lower risk of retrospective changes to FITs. Apart from the below the Group is not aware of any material regulatory changes in the countries in which we operate.

French tariff cut
On December 30, 2020 the French finance law for 2021 was adopted definitively with a possible reduction to the FITs for certain installations in France.

The results from the Council of State's decision dated January 27, 2023 were that the arreté, fixing tariff calculations resulting from the tariff cut is cancelled on the grounds of its absence of notification to European Commission.

On June 23, 2023 the Ministry of Energy Transition announced that the French government had decided not to continue with the revision of these photovoltaic contracts.

These potential feed-in-tariff cuts resulted in an impairment of the affected assets in 2020 and 2021, which has subsequently been reversed in 2023. For further information see Note 10.

Italy Sostegni Ter Decree
During 2022, a new law was implemented in Italy (the "Sostegni Ter Decree") which puts in place a price cap mechanism impacting solar plants in Italy that receive a Feed-in-tariff under the Conto Energia incentive mechanism. Merchant revenues for the period from February – December 2022 exceeding a fixed "reference price" are required to be returned to the GSE, this was subsequently extended to also cover the period from January – June 2023.

Notes to the consolidated financial statements

In February 2023, the administrative court ("TAR") in Italy declared that the Sostegni Ter Decree was unlawful and incompatible with European law and the principles recently established at the EU level. In March 2023, the Regulatory Authority for Energy, Networks and Environment ("ARERA") filed an appeal to challenge the ruling of the TAR court. The matter was referred to the European Court of Justice ("ECJ") and the first hearing has yet to be scheduled.

A provision has been recognised in 2023 and 2022 for the expected revenues to be returned to the GSE, see Note 23 for further details.

Interest rate risk
Interest rate risk arises when there is a possible loss due to fluctuations in the fair value or future cash flows of a financial instrument due to changes in market interest rates. The Group is exposed to changes in interest rates through its borrowings received at floating interest rates. The floating interest rates on loans are linked to either EURIBOR, JPY TIBOR, JPY TONA or USD SOFR.

The Group manages its interest rate risk by taking out long-term interest rate swaps to cover >70% of the loans in each currency to reduce the interest rate exposure. As at the year end, interest rate hedging instruments with a combined notional value of €5,367,010,000 (2022: €3,359,732,000) had been put in place against the European, Japanese, Chilean (USD) and British debt. The instruments switch variable interest rates to fixed interest rates between -0.27% and 3.44% on European debt, 0.76% to 3.73% on Chilean (USD) debt, between 0.34% to 1.40% for Japanese debt and 3.94% for British debt. Additional credit spread margins are charged on the borrowings – as set out in Note 24. The fair value of the interest rate swap non-current liabilities totals €47,673,000 (2022: €3,052,000) and the fair value of the interest rate swap non-current assets totals €302,110,000 (2022: €355,835,000) (see Note 25). The Group's swaps will reach maturity within 1-19 years.

The fair values of the interest rate swaps are also impacted by fluctuations in market interest rates. For the swaps that are effective and hedge accounting is applied, the movements in fair values are recorded in OCI; for those that are ineffective, the movements are recorded in the income statement.

Taking into account hedging instruments, the breakdown of borrowings based on the type of interest rate is as follows:

	2023 **€'000**	2022 €'000
Loans from third parties at floating interest rate hedged through a fixed-interest swap	**4,275,759**	3,215,752
Loans from third parties at fixed-interest rate	**2,138,968**	2,139,222
Total fixed-interest borrowings	**6,414,727**	5,354,974
Loans at floating interest rate without hedge	**1,095,381**	942,198
Total borrowings	**7,510,108**	6,297,172

Interest rate sensitivity analysis
The sensitivity analysis below has been determined based on all financial assets and financial liabilities exposed to variable interest rates at the balance sheet date and the fair value movements of material interest rate swaps. The analysis is prepared assuming the amount of the liability outstanding at the balance sheet date was outstanding for the whole year. A 1% increase / decrease is used based on what Sonnedix management views to be a reasonably possible change for the coming year.

Based on a +1/-1% movement in interest rates, the profit for the year ended December 31, 2023 would increase / decrease by €50,477,000 (2022: €23,604,000). There would be a net gain / loss in equity of €134,531,000 (2022: €150,383,000).

Notes to the consolidated financial statements

Interest rate benchmark reform
The Group's main exposure to IBORs is based on EURIBOR and JPY TIBOR. These IBORs are not currently affected by the IBOR transition.

The USD LIBOR transition to USD SOFR was completed in 2023. Four loans and the associated interest rate swaps transitioned from USD LIBOR to USD SOFR, no other changes were made to the terms of the loans and swaps as a result of the change in reference rate. For the interest rate swaps that transitioned from USD LIBOR to USD SOFR the Group applied the practical expedient to change the hedge designation and documentation without the hedging relationship being discontinued.

Foreign exchange risk
The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Group is mainly exposed to fluctuations in the US dollar and Japanese yen. Other currencies used in the Group are the British pound, Chilean peso and Polish zloty. The Group will hedge known foreign exchange exposures, if changes in exchange rates would have a material impact on project returns, or where it is contractually obliged.

At December 31, 2023, the carrying amounts of the Group's foreign currency denominated monetary assets and liabilities are as follows:

	US dollar	Japanese yen	Other	Total
	€'000	€'000	€'000	€'000
Current assets	45,906	27,930	7,366	81,202
Cash and cash equivalents	35,214	44,618	10,650	90,482
Non-current liabilities	(1,271,134)	(1,124,252)	(19,943)	(2,415,329)
Current liabilities	(92,918)	(75,580)	(28,483)	(196,981)
	(1,282,932)	**(1,127,284)**	**(30,410)**	**(2,440,626)**

At December 31, 2022, the carrying amount of the Group's foreign currency denominated monetary assets and liabilities are as follows:

	US dollar	Japanese yen	Other	Total
	€'000	€'000	€'000	€'000
Current assets	53,411	52,143	3,302	108,856
Cash and cash equivalents	52,324	53,425	13,092	118,841
Non-current liabilities	(829,870)	(1,146,071)	(24,518)	(2,000,459)
Current liabilities	(60,553)	(101,242)	(6,249)	(168,044)
	(784,688)	**(1,141,745)**	**(14,373)**	**(1,940,806)**

Foreign currency sensitivity analysis
The following table details the Group's sensitivity to a 10% decrease in euro against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's best assessment of the reasonable possible changes in foreign exchange rates. The sensitivity analysis includes only the outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 10% movement in foreign currency rates.

Notes to the consolidated financial statements

The table below shows the effect of a 10% strengthening of the foreign currencies against the euro. If there was a 10% weakening there would be an equal and opposite impact.

	Income statement		Comprehensive income	
	2023	2022	**2023**	2022
	€'000	€'000	**€'000**	€'000
US dollar impact	**14,537**	4,226	**(37,580)**	(43,842)
Japanese yen impact	**(2,480)**	(5,408)	**(8,475)**	(13,907)
British pound impact	**3,453**	1,643	**(15,532)**	(10,391)
Other currency impact	**832**	957	**(2,964)**	(3,515)

The exchange rates used in preparation of this report were as follows:

	US dollar	Japanese yen	British pound	Chilean peso	Polish zloty
	€	€	€	€	€
Rate at January 1, 2023	1.0705	140.41	0.8853	908.16	4.6852
Average rate for year	1.0817	151.99	0.8698	908.68	4.5418
Rate at December 31, 2023	1.1039	155.72	0.8669	967.78	4.3430

Liquidity risk
Liquidity risk is the possibility that the Group will have insufficient funds or will not have access to sufficient funds at an acceptable cost to meet its payment obligations at all times. The Group's objective is to maintain sufficient available funds.

The shareholder loan, due to Sonnedix Power Holdings Limited, is available until December 31, 2050

The table below summarises the maturity profile of the Group's financial liabilities based on contractual gross undiscounted payments.

December 31, 2023	Note	Within 1 year €'000	1 to 5 years €'000	After 5 years €'000	Total €'000
Borrowings (excl. lease liabilities)		729,693	3,306,442	4,709,266	8,745,401
Lease liabilities		24,760	102,073	295,231	422,064
Derivative financial instruments		(76,612)	(133,910)	(117,749)	(328,271)
Contingent consideration		2,200	4,100	—	6,300
Trade and other payables	26	225,020	—	—	225,020
		905,061	**3,278,705**	**4,886,748**	**9,070,514**

December 31, 2022	Note	Within 1 year €'000	1 to 5 years €'000	After 5 years €'000	Total €'000
Borrowings (excl. lease liabilities)		1,680,211	2,260,154	3,162,157	7,102,522
Lease liabilities		19,376	80,884	296,915	397,175
Derivative financial instruments		(36,363)	(104,040)	(88,966)	(229,369)
Contingent consideration		6,366	—	—	6,366
Trade and other payables	26	153,299	—	—	153,299
		1,822,889	**2,236,998**	**3,370,106**	**7,429,993**

Ultimate responsibility for liquidity risk rests with the Group's Board of Directors. The Board manages liquidity risk by regularly monitoring the Group's cash flow projections to ensure sufficient cash is available to meet operational needs so that the Group does not breach borrowing limits. The Group nurtures good relationships with its banks which have high credit ratings and its cash requirements are anticipated via the budgeting process. As at December 31, 2023 the Group had €377,270,000 (2022: €385,332,000) of cash (see Note 22). In order to ensure financing of both existing and future renewable energy projects, the Group is in continuing debt financing activities.

Capital risk management
The capital structure of the Group consists of net debt, which includes the non-recourse borrowings at project level disclosed above after deducting cash and cash equivalents, and equity attributable to equity holders of the Company, comprising members' capital, reserves and retained earnings as disclosed in the statement of changes in equity.

The Group manages its capital to ensure that it remains sufficiently funded to support its business strategy and maximise shareholder value. In order to achieve this objective, the Group's capital management aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. There have been no breaches in the financial covenants which would cause the Group to be in default of any interest-bearing loans and borrowings in the current period.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may return capital to shareholders or issue new shares. The Group's policy is to obtain debt finance for individual projects, with a gearing ratio of between 70% and 85%.

29 Share capital

	December 31, 2023		December 31, 2022	
	Issued	**Fully paid**	Issued	Fully paid
Ordinary shares	**No of shares**	**€**	No of shares	€
Common €1 shares	**10,000**	**10,000**	10,000	10,000

30 Share-based payments

The long-term incentive plan provision is used to recognise the value of cash-settled share-based payments provided to key management personnel and other senior management, as part of their remuneration.

The Company has established a long-term equity incentive programme ("LTIP") for certain members of senior management. Under the terms of the LTIP, the Company has granted either non-voting shares ("LTIP Shares") or similar instruments ("LTIP Units") to participants in the LTIP.

The LTIP charge included in the income statement (see Note 8) is €10,436,000 (2022: €16,466,000).

The Class E shares vested on December 31, 2023 for a final amount of €22,932,000 which will be paid during the course of 2024 (Note 26).

The pay-out relating to each LTIP Share and LTIP Unit is linked to the increase in the fair value (net asset value) of the Group, taken from the value at the beginning of the vesting period of each class of LTIP Share to the value at the end of the vesting period. The vesting period for the Class F shares and units began on January 1, 2024.

LTIP participants are not entitled to dividends prior to the completion of the vesting period. The LTIP is classified as a graded vesting cash-settled share-based payment programme.

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At each reporting date, the fair value of the LTIP Shares and LTIP Units at the date of settlement is estimated, taking into account the non-vesting conditions and other relevant terms and conditions of the LTIP. In the absence of market prices, a valuation technique is used to estimate the fair value. The expenses in relation to the estimated fair value of the LTIP shares are proportionately allocated to the service period. The proportional share of the service period expenses and any changes in the value of the LTIP shares are recognised in profit or loss for the period. The valuation of the vested shares is based on the actual amount to be paid.

31 Leases

The Group has lease contracts for land, solar plant assets and offices. Leases of land have lease terms between 1 and 51 years, leases of solar plants have lease terms between 6 and 14 years and leases of offices have lease terms between 2 and 14 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

The Group also has certain office leases with terms of 12 months or less and leases of office equipment with low value. The Group applies the short-term lease and lease of low-value assets recognition exemptions for these leases.

Set out below are the carrying amounts of leased assets (included in property, plant and equipment) and the movements during the period:

	Land €'000	Solar plant assets €'000	Offices €'000	Total €'000
At January 1, 2022	226,212	25,830	11,008	263,050
Additions	28,842	—	6,925	35,767
Acquisition of subsidiaries	4,608	—	—	4,608
Business combinations	32,601	—	—	32,601
Disposal of subsidiaries	(2,310)	—	—	(2,310)
Depreciation	(12,223)	(2,167)	(1,436)	(15,826)
Foreign exchange	2,626	(453)	(198)	1,975
At December 31, 2022	280,356	23,210	16,299	319,865
Additions	17,120	—	2,171	19,291
Acquisition of subsidiaries	36,373	—	—	36,373
Depreciation	(15,499)	(1,897)	(2,028)	(19,424)
Foreign exchange	(6,915)	(567)	87	(7,395)
At December 31, 2023	**311,435**	**20,746**	**16,529**	**348,710**

Notes to the consolidated financial statements

Set out below are the carrying amounts of lease liabilities (included within interest-bearing loans and borrowings) and the movements during the period:

	2023 **€'000**	2022 €'000
At January 1	**310,186**	250,811
Additions	**13,739**	26,736
Acquisition of subsidiaries	**35,701**	4,589
Business combinations	**—**	33,644
Disposal of subsidiaries	**—**	(2,372)
Accretion of interest	**9,913**	8,456
Payments	**(22,982)**	(14,310)
Foreign exchange	**(7,018)**	2,632
At December 31	**339,539**	310,186

The following are the amounts recognised in profit or loss:

	Note	**2023** **€'000**	2022 €'000
Depreciation expense of right-of-use assets (Cost of sales)		**17,396**	**14,390**
Depreciation expense of right-of-use assets (Administrative expenses)		**2,028**	**1,436**
Variable lease payments not linked to an index or rate (Cost of sales)	6	**1,646**	**986**
Expense relating to short-term leases (Administrative expenses)	7	**1,186**	**951**
Interest expense on lease liabilities (Finance costs)	12	**9,913**	**8,456**
		32,169	**26,219**

Cash outflows from leases are as follows:

	2023 **€'000**	2022 €'000
Payments of interest on lease liabilities (interest paid)	**9,913**	**8,456**
Payments of principal on lease liabilities	**13,069**	**5,854**
Variable lease payments (cash flows from operating activities)	**1,646**	**986**
Expense relating to short-term leases (cash flows from operating activities)	**1,186**	**951**
Total lease payments	**25,814**	**16,247**

The Group has several lease contracts that include extension and termination options. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised (see Note 4). Management assumes that lease extension options will be exercised and therefore there are no potential future rental payments that are not included in the lease term.

The incremental borrowing rates of leases are between 1.0% and 7.0%.

The maturity analysis of lease liabilities is disclosed in Note 28.

32 Commitments and contingencies

Guarantees
The Group has issued guarantees for an amount of up to €4,136,000 relating to VAT reimbursements in Italy.

The Group has issued guarantees related to PPA contracts for an amount of up to €37,002,000 in Italy and €31,943,000 in Chile.

The Group has issued guarantees related to the participation in auctions for an amount of up to €47,928,000 in Chile and €14,824,000 in Italy.

The Group has issued guarantees to the energy regulator in Chile for an amount up to €19,244,000 relating to compliance with the payment chain between coordinated companies in the electricity market.

Letter of credit and guarantee facilities
In addition to the guarantees disclosed above the Group also has available letter of credit and guarantee facilities provided by credit institutions up to a maximum amount of €352,552,000 of which as at December 31, 2023 €141,602,000 was utilised against issued letters of credits and guarantees.

Compliance risk
Through the Group's compliance programmes and other policies, procedures and controls extensive efforts are made to act in compliance with relevant (local and international) legislation and regulations. Notwithstanding all these risk mitigants, a complete elimination of compliance risks cannot be guaranteed. Any violation of relevant anti-bribery and corruption legislation or anti-money laundering legislation could have an adverse effect on the Group's operational performance, earnings, cash flows and financial condition.

33 Post balance sheet events

Acquisitions
After the year end, the Group made the following acquisitions:

Acquisition date	Portfolio	Description of business	Country	Consideration paid	% of voting interests acquired
February 6, 2024 (1 SPV) March 27, 2024 (2 SPVs)	Oasis	75MW portfolio of solar plants under construction	Portugal	€12.9m	100%
February 29, 2024	Fado	49MW portfolio of operating solar plants	Portugal	€98.2m	100%
April 4, 2024	Triton	45MW operating solar plant	Italy	€59.4m	100%

As at the date of this report, management has not completed the fair value analysis of these acquisitions or the assessment of whether they meet the definition of a business under IFRS 3.

Financings
On March 19, 2024, the Group closed the refinancing of the HV portfolio in Japan for a total debt amount of €34,003,000.

On April 10, 2024, the Group increased an existing €15,000,000 corporate revolving credit facility to €50,000,000.

Notes to the consolidated financial statements

34 Subsidiary undertakings

Company name	2023	2022
Bermuda		
Sonnedix Solar International Ltd	100%	100%
Sonnedix Japan I Ltd	100%	100%
Hikari 6 Solar Investments Ltd	100%	100%
Hikari 10 Solar Investments Ltd	100%	100%
Hikari 17 Solar Investments Ltd	100%	100%
Hikari 18 Solar Investments Ltd	100%	100%
Netherlands		
Sonnedix Solar Solutions BV	100%	100%
Sonnedix BV	100%	100%
Sonnedix Africa BV	—	100%
Sonnedix Germany BV	100%	100%
Sonnedix Solar Spanish Holdings 2 BV	86.58%	86.58%
Sonnedix Power I BV	86.58%	86.58%
Sonnedix Power II BV	86.58%	86.58%
Sonnedix Holdco Spain BV	86.635%	86.635%
Sonnedix Solen BV	54.65%	54.65%
Jamaica		
Sonnedix Solar Jamaica Ltd	100%	100%
UK		
Sonnedix UK Holdings Ltd	100%	100%
Sonnedix Cash Management Services Ltd	100%	100%
Sonnedix UK Services Ltd	100%	100%
Grove Farm Solar Farm Ltd	100%	100%
Sonnedix Finance Ltd	100%	100%
Sonnedix Europe Ltd	100%	100%
Sonnedix Bengrove Ltd	70%	70%
Hamilton Solar Ltd	70%	70%
Sonnedix Cowley Ltd	100%	100%
Sonnedix Fritts Ltd	65%	65%
Sonnedix Gammaton Ltd	100%	100%
Sonnedix Gonerby Ltd	100%	100%
Sonnedix Middlefield Ltd	100%	100%
Sonnedix Weston Ltd	100%	100%
Sonnedix Winkburn Ltd	100%	100%
Sonnedix Lawns Ltd	100%	—
Sonnedix Pearson Ltd	100%	—
Sonnedix UK Ponte Ltd	100%	—
France		
Sonnedix France SAS	100%	100%
Sonnedix Pleurtuit SAS	100%	100%
Sonnedix Alpha SAS	100%	100%
Sonnedix Provence SAS	100%	100%
Centrale Photovoltaïque de Romilly Sur Seine SAS	100%	100%
Helium Installations Solaires de l'Aude 1 SAS	51.08%	51.08%
Sonnedix Rosières SAS	100%	100%
Sonnedix Sulauze SAS	100%	100%
Sonnedix France Services and Investment SAS	100%	100%
Sonnedix France II SAS	100%	100%
Sonnedix Solaire SAS	100%	100%
Elecsol Provence Sarl	100%	100%
Solaire Uglas SAS	100%	100%
Meridian Solaire II SAS	100%	100%
Quincieux Production SAS	100%	100%
Soleol I SAS	100%	100%
Soleol II SAS	100%	100%
Soleol IV SAS	100%	100%
Lavansol I SAS	100%	100%
Lavansol III SAS	100%	100%
Lavansol IV SAS	100%	100%
Lavansol V SAS	100%	100%
Lavansol VI SAS	100%	100%
Lavansol M1 SAS	100%	100%
Lavansol M17 SAS	100%	100%
Sonnedix France Operations SAS	100%	100%
Lavansol M18 SAS	100%	100%
Lavansol M8 SAS	100%	100%
Lavansol M9 SAS	100%	100%
Lavansol M14 SAS	95%	95%
Lavansol M19 SAS	100%	100%
Lavansol M21 SAS	100%	100%
Provensol I SAS	100%	100%
Sonnedix France VI SAS	100%	100%
Ferrasol Sarl	100%	100%
Chateau Solar I Sarl	100%	100%
Chateau Solar II Sarl	100%	100%
Chateau Solar IV Sarl	100%	100%
Lavansol P SAS	100%	100%
Durancialis I Sarl	100%	100%
Durancialis II Sarl	100%	100%
Sonnedix France Services SAS	100%	100%
Lavansol M13 SAS	100%	100%
Camargue I Sarl	100%	100%
Corsolar 1 SAS	100%	100%
Corsolar 2 SAS	100%	100%
Corsolar 3 SAS	100%	100%
Corsolar 5 SAS	100%	100%

Notes to the consolidated financial statements

Corsolar 6 SAS	100%	100%
Delta Solar SAS	100%	100%
Aloe Energy SAS	100%	100%
Sonnedix Aloe Holdings SAS	100%	100%
Vallouxsol SAS	100%	100%
Agromanduel 1 SAS	100%	100%
Agromanduel 2 SAS	100%	100%
Agrosolar SAS	100%	100%
Lorsolar I SAS	100%	100%
Sonnedix France V SAS	100%	100%
Sonnedix France IV SAS	100%	100%
Corsolar SAS	100%	100%
Sonnedix Invest France SAS	100%	100%
CPES Les Lacs Medocains de la Redoune Sarl	100%	100%
CPES Les Lacs Medocains Du Bourg D'Hourtin Sarl	100%	100%
CPES Les Lacs Medocains du Gartiou Sarl	100%	100%
Sunergos SAS	100%	100%
Sonnedix Julia SAS	100%	100%
Sonnedix Maubeuge SAS	100%	100%
Sonnedix Flins SAS	100%	100%
Sonnedix Douai SAS	100%	100%
Sonnedix Sandouville SAS	100%	100%
Sonnedix Batilly SAS	100%	100%
Aude Holding SAS	51.07%	51.07%
Chateau Solar VI SAS	100%	100%
Lavansol M12 Sarl	100%	100%
Lavansol M16 Sarl	100%	100%
Tout le Soleil d'Auriac sur Dropt SAS	100%	100%
Sonnedix France VII SAS	100%	100%
Sonnedix France VIII SAS	100%	100%
La Lauzette SAS	100%	—
Les Auboures SAS	100%	—
Sonnedix Couëron SAS	100%	—
Sonnedix Les Vignasses SAS	100%	—
Sonnedix Pardaillan SAS	100%	—
Sonnedix Tournefeuille SAS	100%	—
Sonnedix Voreppe SAS	100%	—
Italy		
Sonnedix Italia Srl	100%	100%
Sonnedix San Giorgio Srl	67.053%	67.053%
Sonnedix Italia Servizi Srl	100%	100%
Sonnenergia Srl	67.053%	67.053%
Sonnedix San Davide Srl	100%	100%
PV1 Srl	67.053%	67.053%
Sonnedix San Raffaele Srl	67.053%	67.053%
Sonnedix Italia Operation Srl	100%	100%
Sonnedix Earth SAS	100%	100%
Sonnedix Sant'Omobono Srl	100%	100%
Sonnedix Santa Barbara Srl	100%	100%
Sonnedix Santa Chiara Srl	100%	100%
Sonnedix Santa Caterina Srl	100%	100%
Green Seven Srl	67.053%	67.053%
Sonnedix San Francesco Srl	100%	100%
Sonnedix San Paolo Srl	100%	100%
PV Campiglia Srl	100%	100%
Montecarbone PV Srl	100%	100%
Sonnedix Sant'Elena Srl	100%	100%
Sonnedix Santa Marta Srl	100%	100%
Sonnedix Santa Rita Srl	100%	100%
PV Ichnosolar Srl	100%	100%
Fortunata Solar Srl	60%	60%
GGP Solar 2 Srl	60%	60%
Sonnedix San Gabriele Srl	100%	100%
Sonnedix San Michele Srl	100%	100%
Sonnedix Artemisia Srl	100%	100%
BhnDue Srl	—	100%
Carmiano Cinque Srl	—	100%
Carmiano Due Srl	—	100%
PVStrom Solar Lecce Srl	—	100%
Set Energia Srl	—	100%
Sunvis Srl	—	100%
Sonnedix Italia Ponte Srl (formerly known as Sonnedix Sant'Anna Srl)	100%	100%
A3FV Santhià Solar Srl	100%	100%
AMS 3.0 Srl	100%	100%
Aton 23 Srl	100%	100%
Bagnolo Green Power Srl	60%	60%
Carratois Srl	60%	60%
Cherry Picking Srl	60%	60%
Dev Solar 1 Srl	60%	60%
IPC Sicilia Srl	100%	100%
Karalis Solar Farm Srl	100%	100%
Megara Solar Srl	60%	60%
Nereidi Srl	60%	60%
New Solar 1 Srl	100%	100%
Nina Solar Srl	60%	60%
Sandalia Solar Farm Srl	100%	100%
Sonnedix San Felice Srl	100%	100%
Baldo Srl	60%	—
Cesine Srl	60%	—
CML Srl	60%	—
New Solar 3 Srl	100%	—
Oleandro Srl	60%	—
RC1 Srl	60%	—
Sol PV 2 Srl	100%	—
Sonnedix Leonardo Srl	100%	—
Spain		
Sonnedix España SLU	100%	100%
Sonnedix Latam Holdings SLU	100%	100%

Sonnedix España Management SLU	100%	100%
New VE Holdco SLU	100%	100%
Sonnedix España Services SLU	100%	100%
Sonnedix España SPV XV SLU	86.58%	86.58%
Sonnedix España Solar Power I BV SLU	86.58%	86.58%
Sonnedix España Solar Finance SLU	86.58%	86.58%
Sonnedix España Solar Alcudia SLU	86.58%	86.58%
Sonnedix España Solar Solarfin SLU	86.58%	86.58%
Sonnedix España Solar Acula SLU	86.58%	86.58%
Sonnedix España Solar Pedro Martinez SLU	86.58%	86.58%
Sonnedix España Solar Alhama De Granada SLU	86.58%	86.58%
Sonnedix España Solar Isnalloz SLU	86.58%	86.58%
Sonnedix España Solar Villamesias SLU	86.58%	86.58%
Global Atreo SLU	86.58%	86.58%
Bujia Solar SLU	86.58%	86.58%
JB Solar Malagon SLU	86.58%	86.58%
Siluendor Plano SLU	86.58%	86.58%
Unified Group SLU	86.58%	86.58%
Cruanorna SLU	86.58%	86.58%
Gapalencos SLU	86.58%	86.58%
Parque Solar Caudete SLU	86.58%	86.58%
Sonnedix España SPV VIII SLU	86.58%	86.58%
Sonnedix España SPV XIII SLU	86.58%	86.58%
Sonnedix España SPV XIV SLU	86.58%	86.58%
Arroyo Solar SLU	86.58%	86.58%
Sonnedix España SPV XI SLU	86.58%	86.58%
Sonnedix España SPV XII SLU	86.58%	86.58%
Proyectos Integrados Renovables 2 SLU	86.58%	86.58%
Sonnedix España SPV IV SLU	86.58%	86.58%
Vermorazul SLU	86.58%	86.58%
Diversia Solar Proyectos y Explotaciones de Parques Solares SLU	86.58%	86.58%
Sonnedix España SPV IX SLU	86.58%	86.58%
Sonnedix España SPV VI SLU	86.58%	86.58%
Fotovoltaica La Gamonosa SLU	86.58%	86.58%
Conjunto Solar Mejorada SL	42.822%	42.822%
Capur Business SLU	86.58%	86.58%
Acacia Instalaciones Fotovoltaicas SLU	86.58%	86.58%
Villanueva Cosolar SLU	86.58%	86.58%
Sonnedix España SPV XXI SLU	86.58%	86.58%
Sonnedix España SPV V SLU	86.58%	86.58%
Sonnedix España SPV XXII SLU	86.58%	86.58%
Sonnedix España SPV XXIII SLU	86.58%	86.58%
Sonnedix España SPV XXIV SLU	86.58%	86.58%
Sonnedix España SPV XXV SLU	86.58%	86.58%
Sociedad de Explotacion Fotovoltaica Omega SLU	86.58%	86.58%
Sonnedix España Holdings 2 SLU	100%	100%
Sonnedix España Holdings 3 SLU	86.58%	86.58%
Sonnedix España SPV VII SLU	86.58%	86.58%
Sonnedix España SPV XVII SLU	86.58%	86.58%
Sonnedix España SPV XIX SLU	86.58%	86.58%
Sonnedix España SPV XX SLU	86.58%	86.58%
Sonnedix España SPV XXVI SLU	86.58%	86.58%
Impax Solar Toledo 1 SLU	100%	100%
Impax Solar Toledo 2 SLU	100%	100%
Impax Solar Toledo 3 SLU	100%	100%
Impax Solar Toledo 4 SLU	100%	100%
Impax Solar Toledo 5 SLU	100%	100%
Impax Solar Toledo 6 SLU	100%	100%
Impax Solar Toledo 7 SLU	100%	100%
Impax Solar Toledo 8 SLU	100%	100%
Impax Solar Toledo 9 SLU	100%	100%
Impax Solar Toledo 10 SLU	100%	100%
Impax Solar Toledo 11 SLU	100%	100%
Impax Solar Toledo 12 SLU	100%	100%
Impax Solar Toledo 13 SLU	100%	100%
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Impax Solar Toledo 25 SLU	100%	100%
Impax Solar Toledo 26 SLU	100%	100%
Impax Solar Toledo 27 SLU	100%	100%
Impax Solar Toledo 28 SLU	100%	100%
Impax Solar Toledo 29 SLU	100%	100%
Impax Solar Toledo 30 SLU	100%	100%
Impax Solar Toledo 31 SLU	100%	100%

Notes to the consolidated financial statements

Impax Solar Toledo 32 SLU	100%	100%
Impax Solar Toledo 33 SLU	100%	100%
Impax Solar Toledo 34 SLU	100%	100%
Parque Eolico de Cubla SLU	86.58%	86.58%
Sonnedix España Finance 4 SLU	100%	100%
Sonnedix España Solar Energy SLU	100%	100%
Sonnedix España Finance 3 SLU	100%	100%
VE Sonnedix SPV I SLU	—	100%
VE Sonnedix SPV Beta SLU	100%	100%
VE Sonnedix SPV Delta SLU	100%	100%
VE Sonnedix SPV Gamma SLU	100%	100%
Sonnedix España Holdings 4 SLU	100%	100%
Ostirala Inversiones SLU	100%	100%
Sonnedix España Holdings SLU	86.58%	86.58%
Sonnedix España Equityco SLU	86.58%	86.58%
VE Sonnedix Equityco SLU	86.58%	86.58%
Parque Solar Fotovoltaico Olleria SCP	50.223%	50.223%
Sonnedix España Finance 2 SA	86.635%	86.635%
Sonnedix España Holdings 5 SLU	100%	100%
Agrupacion Servicios Comunes Santo Domingo AIE	75%	75%
Sonnedix Energy Phi SA	100%	100%
Sonnedix Energy Tau SA	100%	100%
Sonnedix Iota SLU	100%	100%
Sonnedix España Finance 5 SLU	100%	100%
Sonnedix Omicron SLU	100%	100%
Llano Soleil 18 SL	56.25%	56.25%
Instalaciones Comunes Arriba SC	88%	88%
Instalaciones Comunes Casas Don Benito SC	80.4%	80.4%
Sonnedix España Ponte (formerly known as Sonnedix Aliaga I SLU)	100%	100%
Sonnedix Aliaga II SLU	100%	100%
Subestacion Torrealvilla SC	83%	83%
Sonnedix España Holdco SLU	100%	100%
Ralos Investment Fotovoltaico Sur SLU	100%	100%
Suniva Power SLU	100%	100%
Suvan Power SLU	100%	100%
Horus Sun SLU	100%	100%
Sonnedix España Desarrollos SLU	100%	100%
Sonnedix España Holdings 8 SLU	100%	100%

Angora ITG SLU	100%	100%
Chocolate ITG SLU	100%	100%
Inver Generacion 2 SLU	100%	100%
Inver Generacion 4 SLU	100%	100%
Inver Generacion 12 SLU	100%	100%
Inver Generacion 15 SLU	100%	100%
Fiordo ITG SLU	—	100%
Parque Solar Paramo SLU	—	100%
Berfest Investments SA	99.936%	99.936%
Bonete Fotovoltaica 1 SLU	100%	100%
Central Solar Termoelectrica Caceres SA	100%	100%
Cuesta Blanca Solar 28 SLU	100%	100%
Cuesta Blanca Solar 29 SLU	100%	100%
Cuesta Blanca Solar 30 SLU	100%	100%
Falabella ITG SLU	99.936%	99.936%
Belisol 132 KV SL	50%	50%
Belona ITG SLU	100%	100%
Caliope ITG SLU	100%	100%
Coroa Directorship SLU	—	100%
Destierraco2 SLU	100%	100%
Fraile Hive SLU	100%	100%
Inver Generacion 10 SLU	100%	100%
Inversiones Colectivas en Energias Renovables I SLU	—	100%
Pripiat Renance SLU	100%	100%
Seret ITG SLU	100%	100%
Siula ITG SLU	100%	100%
Sociedad Fotovoltaica Campo 52 SLU	—	100%
Sociedad Fotovoltaica Comarcal 51 SLU	—	100%
Sociedad Fotovoltaica Loarrense 52 SLU	—	100%
Sociedad Fotovoltaica Tardienta Solar 52 SLU	—	100%
Solar Global Investment Pedrola 1 SLU	—	100%
Sonnedix Vinaceite SLU	—	100%
Triora ITG SLU	100%	100%
Vera ITG SLU	100%	100%
Cuesta Blanca Solar 4 SL	100%	—
Cuesta Blanca Solar 19 SL	100%	—
Cuesta Blanca Solar 20 SL	100%	—
Fotovoltaica de El Pozuelo SAU	100%	—
Fotovoltaica Tarazona CB	100%	—
Iberia Explotaciones Solares SL	100%	—
Parque Fotovoltaico Santamaria AIE	100%	—
Parque Solar Energia Verde Exea CB	100%	—
Presto Energy SLU	100%	—
Sens Guadiana SLU	100%	—
Sens Odiel SLU	100%	—

Notes to the consolidated financial statements

Seomaei Solar Artico SLU	100%	—
Servicios Auxiliares Marchal Solar AIE	80.39%	—
Sirius Solar SAU	100%	—
Solar Green Parks SLU	100%	—
Sonnedix Cadenza SLU	100%	—
Sonnedix Corona SLU	100%	—
Sonnedix Culebra SLU	100%	—
Sonnedix Diana, SLU	100%	—
Sonnedix Escala SLU	100%	—
Sonnedix Moderato SLU	100%	—
Sonnedix Olmedilla II SLU	100%	—
Sonnedix Punteggio SL	100%	—
Sonnedix Sostenuto SLU	100%	—
Sonnedix Storage I SL	100%	—
Tecnica Universal Solar SAU	100%	—
Valsens Solar Andes SLU	100%	—
Poland		
Sonnedix Poland Holdings Sp. z o.o.	100%	100%
PV 1030 Sp. z o.o.	100%	100%
Sonnedix Poland Sp. z o.o.	100%	100%
Violasol Sp. z o.o.	100%	100%
WTL10 Sp. z o.o.	100%	100%
WTL110 Sp. z o.o.	100%	100%
WTL180 Sp. z o.o.	100%	100%
WTL190 Sp. z o.o.	100%	100%
WTL230 Sp. z o.o.	100%	100%
WTL240 Sp. z o.o.	100%	100%
WTL250 Sp. z o.o.	100%	100%
WTL260 Sp. z o.o.	100%	100%
WTL280 Sp. z o.o.	100%	100%
WTL290 Sp. z o.o.	100%	100%
WTL30 Sp. z o.o.	100%	100%
WTL300 Sp. z o.o.	100%	100%
WTL310 Sp. z o.o.	100%	100%
WTL320 Sp. z o.o.	100%	100%
WTL330 Sp. z o.o.	100%	100%
WTL340 Sp. z o.o.	100%	100%
WTL350 Sp. z o.o.	100%	100%
WTL360 Sp. z o.o.	100%	100%
WTL370 Sp. z o.o.	100%	100%
WTL380 Sp. z o.o.	100%	100%
WTL390 Sp. z o.o.	100%	100%
WTL400 Sp. z o.o.	100%	100%
WTL410 Sp. z o.o.	100%	100%
WTL420 Sp. z o.o.	100%	100%
WTL430 Sp. z o.o.	100%	100%
WTL440 Sp. z o.o.	100%	100%
WTL450 Sp. z o.o.	100%	100%
WTL70 Sp. z o.o.	100%	100%
WTL90 Sp. z o.o.	100%	100%

Germany		
Sonnedix Germany GmbH	100%	100%
Sonnedix Deutschland Solar GmbH & Co KG	100%	100%
Sonnedix Solar Borna GmbH & Co KG	100%	100%
Sonnedix Solar Hegnenbach GmbH & Co KG	100%	100%
Sonnedix Solarpark Tanger GmbH & Co. KG	100%	100%
Sonnedix Solarpark Tangergrund GmbH & Co. KG	100%	—
Luxembourg		
Sonnedix Luxembourg Holdco 1 SCA	86.58%	86.58%
Sonnedix Luxembourg Holdco 2 Sarl	86.58%	86.58%
Sonnedix Finance SA	86.58%	86.58%
VE Sonnedix Luxembourg Holdco 2 Sarl	86.58%	86.58%
VE Sonnedix Luxembourg Holdco 1 SCA	86.58%	86.58%
VE Sonnedix Finance SA	86.58%	86.58%
Falabella Luxembourg SCA	100%	100%
Portugal		
Solar International, Unipessoal LDA	100%	100%
Blowing Glow, LDA	100%	—
Sonnedix Fado Portugal, LDA	100%	—
Sonnedix Ponte Portugal Holdco 1, Unipessoal LDA	100%	—
Sonnedix Ponte Portugal Holdco 2, Unipessoal LDA	100%	—
Sonnedix Ponte Portugal, LDA	100%	—
Sonnedix Portugal 2, Unipessoal LDA	100%	—
Sonnedix Portugal, Unipessoal LDA	100%	—
USA		
Sonnedix USA Services Ltd	100%	100%
Sonnedix North Carolina I Ltd	100%	100%
Sonnedix Americas LLC	100%	100%
Sonnedix Kingbird Inc	100%	100%
Sonnedix Solar Fountain LLC	100%	100%
Chile		
Sonnedix Chile Holding SpA	100%	100%
Atacama Solar SpA	100%	100%
Tercera Region Solar SpA	100%	100%
SPV P4 SpA	100%	100%
Sonnedix Cox Energy Chile	70%	70%

Notes to the consolidated financial statements

SpA		
PFV Donihue SpA	100%	100%
PFV La Molina SpA	100%	100%
Llanos de Potroso SpA	100%	100%
Marquesa Solar SpA	100%	100%
Sonnedix Chile Energy Storage SpA	100%	100%
Nueva Atacama Solar SA	100%	100%
Sonnedix Metro Expansion SpA	100%	100%
Sonnedix La Serena SpA	100%	100%
Sonnedix Malinke SpA	100%	100%
Sonnedix Crucero SpA	100%	100%
Sonnedix Energy Trading Chile SpA	100%	100%
Sonnedix Pelequén Solar SpA	100%	100%
Parque Fotovoltaico Andino Occidente SpA	100%	100%
El Queule SpA	100%	100%
Parronal Energy SpA	100%	100%
Villa Prat Energy SpA	100%	100%
Altos de la Manga Energy SpA	100%	100%
Sonnedix Taranto SpA	100%	100%
Sonnedix PPA Holding SpA	100%	100%
Sonnedix Pica Solar SpA	100%	100%
Sonnedix Tagua Tagua SpA	100%	100%
Sonnedix Tres Cruces SpA	100%	100%
Angamos Solar SpA	100%	100%
Quebrada de Talca Solar SpA	100%	100%
Santa Lucia Solar SpA	100%	100%
Corso Solar SpA	100%	100%
PSF Don Darío SpA	100%	100%
Sonnedix Angela Solar SpA	100%	100%
Sonnedix Chile Admin 1 SpA	100%	100%
Sonnedix Chile Admin 2 SpA	100%	100%
Sonnedix Chile Admin 3 SpA	100%	100%
Sonnedix Chile Holding Development SpA	100%	100%
Sonnedix Chile Holding Operational SpA	100%	100%
Sonnedix Chile Inversiones 1 SpA	100%	100%
Sonnedix Chile Inversiones 2 SpA	100%	100%
Sonnedix Chile Inversiones 3 SpA	100%	100%
Sonnedix Chile Inversiones Asociadas I SpA	100%	100%
Sonnedix Chile Services SpA	100%	100%
Sonnedix Conejo Solar SpA	100%	100%
Sonnedix Don Goyo Holdings SpA	100%	100%
Sonnedix Don Goyo Transmisión SA	100%	100%
Sonnedix Don Pedro SpA	100%	100%
Sonnedix Energy Supplier Chile SpA	100%	100%
Sonnedix Fotovoltaica Algarrobo SpA	100%	100%
Sonnedix Joaquin Solar SpA	100%	100%
Sonnedix Las Codornices SpA	100%	100%
Sonnedix Las Perdices SpA	100%	100%
Sonnedix Librillo Solar SpA	100%	100%
Sonnedix Paine Energy SpA	100%	100%
Sonnedix Parque Eólico Carica SpA	100%	100%
Sonnedix Parque Eólico El Arrayán SpA	100%	100%
Sonnedix Parque Eólico El Maitén SpA	100%	100%
Sonnedix Parque Eólico El Nogal SpA	100%	100%
Sonnedix Parque Solar Amparo del Sol SpA	100%	100%
Sonnedix Parque Solar Punta Colorada SpA	100%	100%
Sonnedix Parsosy Illapel 5 SpA	100%	100%
Sonnedix Victoria Solar SpA	100%	100%
Arcadia Generación Solar SpA	100%	—
Sonnedix Chile Arcadia Generación SpA	—	—
Sonnedix Chile Arcadia SpA	100%	—
Sonnedix Chile Asset Holdings SpA	100%	—
Japan		
Oita Solar GK	59.4%	59.4%
Sun Station Kurabara GK	99%	99%
Sun Station Kurabara B GK	99%	99%
Soma Solar GK	59.4%	59.4%
Sun Station Hikari V GK	99%	99%
Sun Station Hikari VI GK	99%	99%
Sun Station Hikari VII GK	59.4%	59.4%
Sun Station Hikari X GK	59.4%	99%
Sun Suwa LLC	99%	99%
Taiyo Reserve 3 GK	99%	99%
Oishida-machi Solar GK	—	99%
Tsubaki Solar GK	99%	99%
Sun Station Hikari XVII GK	99%	99%
Ecoplexus Yamada Project GK	99%	99%
Sun Station Hikari XX GK	99%	99%
SS2 GK	99%	99%
Sun Station Hikari VIII GK	99%	99%
Sun Station Hikari XVI GK	99%	99%
Sun Station Hikari XXI GK	99%	99%
Mine Solar GK	99%	99%

Notes to the consolidated financial statements

SS Hikari 1 GK	99%	99%
Hitachi Juo Solar Power LLC	59.4%	59.4%
Solar Field 10 GK	99%	99%
SS Hikari 26 GK	99%	99%
SS Hikari 29 GK	99%	99%
Ishikawa Hanamizuki 1 GK	99%	99%

There are subsidiary entities that were controlled as at December 31, 2022 but not at December 31, 2023, this is due to mergers into other subsidiary entities, dissolution of the subsidiary entities, or sale of those entities during 2023. For subsidiary entities which are listed as not controlled at both reporting dates, these were acquired and then subsequently merged during 2023. The principal activities of all subsidiary entities relate to the development and operation of renewable energy projects.

SCHEDULE 2

GUARANTEE

PARENT COMPANY GUARANTEE – COMMERCIAL PAPER NOTES

THIS GUARANTEE is made on ________________________________ 2024

BY:

(1) **Sonnedix UK Services Limited** a private company incorporated under the laws of England and Wales with registration number 07904461 and Spanish tax Id N0246536G ("**SUKSL**"); and

(2) **Sonnedix Solar Holdings Limited** an exempted company incorporated under the laws of Bermuda with registration number 45438 and Spanish tax Id N0297188E ("**SSH**"), (together with SUKSL, each of them a "**Guarantor**" or jointly the "**Guarantors**"),

(3) **BONDHOLDERS S.L.**, a private limited liability company (*sociedad limitada*) incorporated under the laws of Spain with registered offices at Avenida de Francia, 17, A1, 46023 Valencia, Spain and registered with the Commercial Registry of Valencia under Volume 9763, Foil 43, Sheet V-158464, 1st inscription and with tax identification number B98604986 (as "**Administrative Agent**").

in favour of

(4) **THE NOTEHOLDERS** shown for the time being and from time to time in the central registry maintained by the *Spanish Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.* ("**Iberclear**") and its participating entities (*entidades participantes*) (each, an "**Iberclear Member**") as being a holder of a Spanish commercial paper note issued under the Programme (each a "**Noteholder**").

BACKGROUND:

(A) Sonnedix España Commercial Paper, S.A.U. (the "**Issuer**" or the "**Company**") has approved and established a commercial paper notes programme named "Commercial Paper Programme Sonnedix 2024" (the "**Programme**") for the issuance of commercial paper notes (*pagarés*) (the "**Notes**") subject to the information memorandum (*documento base informativo*) filed before the alternative fixed income mark (*mercado alternativo de renta fija*) ("**MARF**") and published on the website www.bolsasymercados.es from time to time ("**Information Memorandum**") and the relevant Issue Document and the Complementary Certificate (as defined below). Notes issued under the Programme shall be governed by Spanish law and the courts of the city of Madrid will have exclusive jurisdiction to settle any dispute arising out of or in connection with the Notes, pursuant to the Information Memorandum.

(B) Notes issued under the Programme shall be issued in dematerialised book-entry form (*anotaciones en cuenta*) registered with Iberclear and will be filed for the admission (*incorporación*) of the Notes to the MARF. The Issuer will make an application for the Notes issued under the Programme to be admitted to trading in Spain on MARF, a multilateral trading facility (*sistema multilateral de negociación*) ("**MTF**") and it is not a regulated market, pursuant to the provisions of article 68 of Law 6/2023 of 17th March on Securities Markets and Investment Services (*Ley 6/2023, de 17 de marzo, de los Mercados de Valores y de los Servicios de Inversión*) ("**Securities Markets and Investment Services Act**"). No Notes may be issued on an unlisted basis.

(C) In connection with the Programme, on or around the date of this guarantee (the "**Guarantee**"), the Issuer has entered into the following agreements, among others, (i) an agency agreement with BONDHOLDERS, S.L., as administrative agent (the "**Administrative Agent**") (as amended, supplemented or restated from time to time, the "**Agency Agreement**"), (ii) a paying agency agreement with Banco de Sabadell, S.A. as paying agent (the "**Paying Agent**") (as amended, supplemented or restated from time to time, the "**Paying Agency Agreement**"), (iii) a dealer agreement (as further amended, supplemented or restated from time to time, the "**Dealer Agreement**") with Banco de Sabadell, S.A.; Bestinver Sociedad de Valores, S.A. and Kutxabank Investment, Sociedad de Valores S.A. as dealers (the "**Dealers**" and each of them a "**Dealer**") and (iv) a registered advisor agreement (as further amended, supplemented or restated from time to time, the "**Registered Advisor Agreement**") with Banco de Sabadell, S.A. as registered advisor (the "**Registered Advisor**").

(D) Each Guarantor, jointly and severally, in accordance with the terms of this Guarantee and subject to the Maximum Guaranteed Amount, irrevocably and unconditionally guarantees the payment of all sums expressed to be payable from time to time by the Issuer to Noteholders in respect of the Notes.

IT IS AGREED as follows:

1. **DEFINITIONS AND INTERPRETATION**

1.1 **Definitions**

In this Guarantee:

"**Authorisation**" means an authorisation, consent, approval, resolution, licence, exemption, filing, notarisation or registration.

"**Business Day**" means a day (other than a Saturday or Sunday) on which banks are open for general business in Madrid and London and which is a TARGET Day.

"**Complementary Certificate**" means a complementary certificate (*certificación complementaria*), in the form agreed by MARF and Iberclear, setting out the supplemental contractual terms of an issue of Notes issued under the Programme together with its supplements and annexes.

"**Conditions**" means the terms and conditions of the Notes set out in the Issue Document of the Programme as supplemented for each issue of Notes by the Complementary Certificate for that issue.

"**Insolvency Event**" means, in relation to an entity, that the entity:

(i) is dissolved (other than pursuant to a consolidation, amalgamation or merger);

(ii) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due;

(iii) makes a general assignment, arrangement or composition with or for the benefit of its creditors;

(iv) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding up or liquidation by it or such regulator, supervisor or similar official;

(v) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition is instituted or presented by a person or entity not described in paragraph (d) above and:

  (A) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding up or liquidation; or

(B) is not dismissed, discharged, stayed or restrained in each case within 30 days of the institution or presentation thereof;

(vi) has a resolution passed for its winding up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger);

(vii) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets;

(viii) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 30 days thereafter;

(ix) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in paragraphs (i) to (viii) above; or

(x) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts.

“**Issue Document**” means the main terms and conditions set out in relation to the Programme and the Notes as further amended, supplemented or restated from time to time.

"**Guaranteed Obligations**" means, at all times subject to the Maximum Guaranteed Amount, all sums expressed to be payable from time to time by the Issuer in respect of any Note issued from time to time under the Programme and registered under its name in the central registry maintained by Iberclear and the registries maintained by the Iberclear Members, as and when the same becomes due and payable and accordingly undertakes to pay to such Noteholder, forthwith in the manner and currency prescribed by the relevant Note for payments by the Issuer in respect thereof, any and every sum or sums which the Issuer is at any time liable to pay in respect of such Note and which the Issuer has failed to pay.

"**Legal Reservations**" means:

a) the principle that equitable remedies may be granted or refused at the discretion of a court and the limitation of enforcement by laws relating to insolvency, reorganisation and other laws generally affecting the rights of creditors;

b) the limitation of the enforcement of the terms of leases of real property by laws of general application to those leases;

c) similar principles, rights and remedies under the laws of any Relevant Jurisdiction; and

d) any matter which is set out as qualifications or reservations as to matters of law of general application in any legal opinions supplied in relation to the Programme Documents and this Guarantee.

"Maximum Guaranteed Amount" means, at any time, the then current amount of Guaranteed Obligations plus a buffer an amount equal to 6.666666% of such Guaranteed Obligations at that time, and in any event, at all times, up to a maximum aggregate amount of €80,000,000 (EIGHTY MILLION EUROS).

"**Material Adverse Effect**" means a material adverse effect on:

(a) the business, operations or financial condition of the Guarantors (taken as a whole);

(b) the ability of a Guarantor to perform its payment obligations under this Guarantee;

(c) subject to the Legal Reservations:

(i) the validity or enforceability of the Guarantee;

(ii) the validity or enforceability of or the effectiveness or ranking of any security or this Guarantee granted or purported to be granted pursuant to any of, the Project Documents; or

(iii) the rights or remedies of any Noteholder under this Guarantee.

"**Original Jurisdiction**" means, in relation to SSH, the laws of Bermuda, and in relation to SUKSL, the laws of England and Wales, being the jurisdiction under whose laws the relevant Guarantor is incorporated as at the date of this Guarantee.

"**Party**" means a party to this Guarantee.

"**Programme Documents**" means the Information Memorandum, the Issue Document and each Complementary Certificate(s) issued in relation to each issuance of Notes under the Programme.

"**TARGET2**" means the Trans-European Automated Real-time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007.

"**Target Day**" means any day on which TARGET2 is open for the settlement of payments in euro.

"**Tax**" means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same).

"**VAT**" means:

(a) any value added tax imposed by the Value Added Tax Act 1994;

(b) any tax imposed in compliance with the Council Directive of 28 November 2006 on the common system of value added tax (EC Directive 2006/112); and

(c) any other tax of a similar nature, whether imposed in the United Kingdom or in a member state of the European Union in substitution for, or levied in addition to, such tax referred to in paragraphs (a) or (b) above, or imposed elsewhere.

1.2 **Construction**

(a) Unless a contrary indication appears any reference in this Agreement to:

(i) the "**Administrative Agent**", any "**Noteholder**", any "**Dealer**", a "**Guarantor**", or any "**Party**" shall be construed so as to include its or their (and any subsequent) successors in title, permitted assigns and permitted transferees in accordance with their respective interests and, in the case of the Administrative Agent, the Dealer or the Registered Advisor, any person for the time being appointed in accordance with the relevant Agency Agreement, Dealer Agreement or Registered Advisor Agreement as the case may be;

(ii) "**assets**" includes present and future properties, revenues and rights of every description;

(iii) a "**Programme Document**" or any other agreement or instrument is a reference to that Programme Document or agreement or instrument as amended, novated, supplemented, extended, replaced or restated;

(iv) "**indebtedness**" includes any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;

(v) a "**person**" includes any individual, firm, company, corporation, government, state or agency of a state or any association, trust, joint venture, consortium, partnership or other entity (whether or not having separate legal personality);

(vi) a "**regulation**" includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or of any regulatory, self-regulatory or other authority or organisation;

(vii) a provision of law is a reference to that provision as amended or re-enacted from time to time, and

(viii) a time of day is a reference to Madrid time.

(b) Section, Clause and Schedule headings are for ease of reference only.

1.3 **Third party rights**

Except for the Noteholders, a person who is not a Party has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce or enjoy the benefit of any term of this Guarantee.

1.4 **Effect as a deed poll**

(a) This Guarantee is intended to take effect as a deed poll for the benefit of the Noteholders from time to time.

(b) This Guarantee shall ensure to the benefit of each Noteholder and its (and any subsequent) successors and assigns.

(c) This Guarantee is the only recourse which a Noteholder has against the Issuer or any shareholder of the Issuer.

2. GUARANTEE

2.1 Guarantee and Indemnity

Subject to Clause 2.3 (*Time for payment*), Clause 2.4 (*Guarantee Limit*) and the Legal Reservations, each Guarantor, jointly and severally in accordance with this Guarantee, irrevocably and unconditionally:

(a) guarantees to each Noteholder punctual performance by the Issuer of the Guaranteed Obligations;

(b) undertakes with each Noteholder that whenever the Issuer does not pay any amount when due under the Notes, the Guarantor shall on demand pay that amount as if it was the principal obligor; and

(c) agrees with each Noteholder that if any obligation guaranteed by it is or becomes unenforceable, invalid or illegal it will, as an independent and primary obligation and to the maximum extent permitted by applicable law, indemnify that Noteholder on demand against any cost, loss or liability it incurs as a result of the Issuer not paying any amount which would, but for such unenforceability, invalidity or illegality, have been payable by it under the Notes on the date when it would have been due.

The amount payable by the Guarantors under this indemnity will not exceed the amount a Guarantor would have had to pay under this Clause 2.1 if the amount claimed had been recoverable on the basis of a guarantee.

2.2 Continuing guarantee

This Guarantee is a continuing guarantee and will extend to the ultimate balance of sums payable by the Issuer under the Notes, regardless of any intermediate payment or discharge in whole or in part.

2.3 Time for payment

(a) Any payment demanded under this Guarantee shall be notified to the relevant Guarantor in writing by the Administrative Agent in accordance with Clause 2.3(b) below and substantially in the form of Schedule I (*Form of Payment Demand*), provided that the Administrative Agent shall not be entitled to issue any such notice until the date falling five (5) Business Days after the date upon which the relevant payment by the Issuer was due and payable under the Notes.

(b) The Administrative Agent must make any demand pursuant to this Guarantee against SUKSL first, and, only if and to the extent that SUKSL fails to pay the demand within five (5) Business Days of its receipt of such demand, may the Administrative Agent make a demand against SSH. The Administrative Agent agrees that it shall not exercise its rights against SSH pursuant to this Guarantee unless and until SUKSL has failed to pay the demand within five (5) Business Days of receipt by SUKSL of a demand from the Administrative Agent.

(c) The amount demanded by the Administrative Agent in any valid demand made in accordance with the requirements of this Clause 2 shall be paid by the relevant Guarantor to the bank account as specified in the payment demand no later than the date falling five (5) Business Days following the date of such

Guarantor's receipt of the relevant demand.

(d) In case that any of the Guarantor fails to comply with any payment validly demanded under this Guarantee by the Administrative Agent, each of the Noteholders will be individually entitled to exercise all rights available to them in order to ensure fulfilment of this Guarantee by the Guarantors, being the Administrative Agent released from carrying out any further actions other than those described in this clause 2.3.

(e) Given the administrative nature of its role, except as caused by wilful breach or misconduct or gross negligence, the Administrative Agent does not assume any liability to the Noteholders, the Issuer, the Paying Agent, nor the Guarantors, as regards to this Guarantee.

2.4 **Guarantee Limit**

(a) The total, aggregate, cumulative liability of both Guarantors collectively under this Guarantee is limited to, and shall in no event or under any circumstances exceed, the Maximum Guaranteed Amount (inclusive of all interest, costs and charges whatsoever thereon).

(b) Nothing in this Guarantee permits the Administrative Agent to recover for the same Guaranteed Obligations more than once; and, if the Administrative Agent makes demands against both SUKSL and SSH with respect to the same Guaranteed Obligations pursuant to and in accordance with this Guarantee, and a Guarantor satisfies such demand, the demand with respect to the satisfied Guaranteed Obligations shall be deemed to be withdrawn and extinguished with respect to the other Guarantor.

2.5 **Reinstatement**

If any discharge, release or arrangement (whether in respect of the obligations of the Issuer or any security for those obligations or otherwise) is made by a Noteholder in whole or in part on the basis of any payment, security or other disposition which is avoided or must be restored in insolvency, liquidation, administration or otherwise, without limitation, then the liability of the Guarantors under this Guarantee will continue or be reinstated as if the discharge, release or arrangement had not occurred.

2.6 **Waiver of defenses**

The obligations of a Guarantor under this Guarantee will not be affected by any act, omission, matter or thing which, but for this Clause, would reduce, release or prejudice any of its obligations under this Guarantee (without limitation and whether or not known to it or any Noteholder) including:

(a) any time, waiver or consent granted to, or composition (including, without limitation, any settlement agreement) with, the Issuer or any other person;

(b) the release of the Issuer or any other person under the terms of any composition or arrangement (including, without limitation, any settlement agreement) with any creditor of the Issuer;

(c) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, the Issuer or other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;

(d) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of the Issuer or any other person;

(e) any amendment, novation, supplement, extension (whether of maturity or otherwise) or restatement (in each case however fundamental and of whatsoever nature, and whether or not more onerous) or replacement of any Programme Document or any other document or security including, without limitation, any change in the purpose of, any extension of or increase in any facility or the addition of any new facility under any Programme Document or other document or security;

(f) any unenforceability, illegality or invalidity of any obligation of any person under any Programme Document or any other document or security;

(g) any immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process of any kind wherever it might originate or to the extent that in any such jurisdiction there may be attributed to the Guarantor or any of its assets such immunity; or

(h) any insolvency, corporate recovery or similar proceedings.

2.7 **Immediate recourse**

Each Guarantor waives any right it may have of first requiring any Noteholder (or any trustee or agent on its behalf) to proceed against or enforce any other rights or security or claim payment from any person before claiming from a Guarantor under this Guarantee. This waiver applies irrespective of any law or any provision of any Programme Document to the contrary.

2.8 **Appropriations**

Until all amounts which may be or become payable by the Issuer under or in connection with the Programme Document have been irrevocably paid in full, each Noteholder (or any trustee or agent on its behalf) may:

(a) refrain from applying or enforcing any other moneys, security or rights held or received by that Noteholder (or any trustee or agent on its behalf) in respect of those amounts, or apply and enforce the same in such manner and order as it sees fit (whether against those amounts or otherwise) and a Guarantor shall not be entitled to the benefit of the same; and

(b) hold in an interest-bearing suspense account any moneys received from a Guarantor or on account of such Guarantor's liability under this Guarantee.

2.9 **Deferral of Guarantor's rights**

Until all amounts which may be or become payable by the Issuer under or in connection with the Programme Document have been irrevocably paid in full, a Guarantor will not exercise any rights which it may have by reason of performance by it of its obligations under this Guarantee or by reason of any amount being payable, or liability arising, under this Guarantee:

(a) to be indemnified by the Issuer;

(b) to claim any contribution from any other guarantor of the Issuer´s obligations under the Programme Documents;

(c) to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of any Noteholder under the Programme Documents or of any other guarantee or security taken pursuant to, or in connection with, the Programme Documents by any Noteholder;

(d) to bring legal or other proceedings for an order requiring the Issuer to make any payment, or perform any obligation, in respect of which such Guarantor has given a guarantee, undertaking or indemnity under this Guarantee;

(e) to exercise any right of set-off against the Issuer; and/or

(f) to claim or prove as a creditor of the Issuer in competition with any Noteholder.

If a Guarantor receives any benefit, payment or distribution in relation to such rights it shall hold that benefit, payment or distribution to the extent necessary to enable all amounts which may be or become payable to the Noteholders by the Issuer under or in connection with the Programme Documents to be repaid in full on trust for the Noteholders and shall promptly pay or transfer the same to the Noteholders (or to the Paying Agent for application or payment to the Noteholders in accordance with the Agency Agreement).

2.10 **Additional security**

This Guarantee is in addition to and is not in any way affected, hindered or prejudiced by any other guarantee or security now or subsequently held by any Noteholder.

2.11 **Effectiveness of the Guarantee**

This Guarantee shall be effective from the date of its execution and the obligations contained herein, including those of each Guarantor under Clause 2.1 shall remain in full force and effect until (and shall automatically terminate with no further action on the part of either Guarantor or the Issuer, with effect from) the date on which the Notes have been irrevocably paid in full (whether by the Issuer or the Guarantors).

3. **REPRESENTATIONS**

Each Guarantor makes the representations and warranties set out in this Clause 3 to the Noteholders on the date of this Guarantee.

3.1 **Status**

(a) It is a company, duly incorporated and validly existing under the law of its Original Jurisdiction.

(b) It has the power to own the assets necessary for the conduct of its business and to carry on its business as it is being conducted.

3.2 **Binding obligations**

Subject to the Legal Reservations, the obligations expressed to be assumed by in this Guarantee are legal, valid, binding and enforceable obligations.

3.3 **Non-conflict with other obligations**

The entry into and performance by it of, and the transactions contemplated by, this Guarantee do not and will not conflict with:

(a) any law or regulation applicable to it;

(b) its constitutional documents;

(c) any resolution passed by its corporate governance bodies; or

(d) any agreement or instrument binding upon it or any of its assets.

3.4 **Power and authority**

It has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, this Guarantee and the transactions contemplated by this Guarantee.

3.5 **Validity and admissibility in evidence**

All Authorisations required:

(a) to enable it lawfully to enter into, exercise its rights and comply with its obligations under this Guarantee; and

(b) to make this Guarantee admissible in evidence in its Original Jurisdiction, have been obtained or effected and are in full force and effect.

3.6 **Governing law and enforcement**

(a) The choice of English law as the governing law of this Guarantee will be recognised and enforced in its Original Jurisdiction.

(b) A judgment obtained in the superior courts of England in relation to this Guarantee will be recognised and enforced in its Original Jurisdiction.

3.7 **Insolvency**

(a) In respect of the Guarantor, no corporate action, legal proceeding or other procedure or step has occurred that may led to an Insolvency Event and no Insolvency Event has occurred and is continuing.

(b) In respect of the Guarantor, it is not aware of the existence of any Insolvency Event.

3.8 **No default**

It is not in default of any material pecuniary and/or material non-pecuniary obligations under any agreement or instrument which is binding on the Guarantor and no other event or circumstance is outstanding to which its assets are subject, which, in each case, might reasonably be expected to or would have a Material Adverse Effect.

3.9 **No proceedings**

No litigation, arbitration or administrative proceedings of or before any court, arbitral body or agency of competent authority which, if adversely determined might reasonably be expected to have a Material Adverse Effect has, to the best of its knowledge and belief, been notified to, or threatened against, the Guarantor or, as far as it is aware, has been started against it nor to the best of its knowledge and belief are there any circumstances reasonably likely to give rise to any such litigation, arbitration or administrative proceedings.

4. APPLICATION OF PROCEEDS

All monies received or recovered by the Administrative Agent or a Noteholder pursuant to this Guarantee or the powers conferred by it shall be applied in accordance with the terms of the relevant Notes (notwithstanding any purported appropriation by a Guarantor).

5. NOTICES

The below notice details were set out therein in respect of each Guarantor. SSH hereby appoints SUKSL as its agent for service of legal process in respect of its obligations hereunder:

Address: (1) SSH: Sonnedix Solar Holdings Limited, c/o Sonnedix UK Services Limited 90 Union Street, Third Floor London SE1 0NW, United Kingdom OR (2) SUKSL: Sonnedix UK Services Limited 90 Union Street, Third Floor London SE1 0NW, United Kingdom

Email: notices@sonnedix.com / legal@sonnedix.com

Attention: Legal Department

This Guarantee or the template of the Guarantee will be attached to the Information Memorandum which will be published in the website of MARF.

The below notice details were set out therein in respect of the Administrative Agent:

Address: Avenida de Francia 17-A-1, 46023, Valencia (Spain)

Email: agency@bondholders.com

Attention: Agency Services – Sonnedix Programa Pagarés

Notices made by email will be valid and binding and may be followed by postal delivery.

6. PAYMENT AND TAXES

6.1 Payments Mechanics

(a) All payments by a Guarantor under this Guarantee shall be made in Euro (€) and in immediately available and freely convertible and transferable funds.

(b) All payments by a Guarantor under this Guarantee to the Administrative Agent on behalf of the Noteholders, shall be paid to the bank account specified in the relevant payment demand.

6.2 No deductions (etc.)

All sums payable by a Guarantor under this Guarantee shall be calculated and paid free and clear of all deductions, withholdings, netting, set-offs and counterclaims whatsoever save only as may be mandatorily required by law.

6.3 **Gross-up**

If a Guarantor is required by law to make any deduction or withholding from any payment made by it under this Guarantee, it shall be obliged to pay to the recipient such sum as will, after such deduction or withholding has been made, leave the recipient with the same amount as it would have been entitled to receive in the absence of any such requirement to make a deduction or withholding.

6.4 **VAT**

If any payment by a Guarantor under this Guarantee constitutes the consideration for a taxable supply for VAT purposes, then in addition to that payment such Guarantor shall pay any VAT due (subject to receipt of a valid VAT invoice).

7. **CHANGES TO THE PARTIES**

7.1 **Changes to a Guarantor**

No Guarantor may assign, transfer, novate or otherwise dispose of all or any of its rights, benefits or obligations under this Guarantee without the prior written consent of the Noteholders.

7.2 **Changes to the Noteholders**

The Noteholders may not assign, transfer, novate or dispose of any of its rights, interest or obligations under this Guarantee unless the assignee is a holder of the Notes.

7.3 **Changes to the Administrative Agent**

The Administrative Agent may assign, transfer, novate or otherwise dispose of all or any of its rights, benefits or obligations under this Guarantee under the terms and conditions set forth in the Agency Agreement.

8. **AMENDMENTS AND WAIVERS**

Any amendment or waiver of, or any consent given under, any provision of this Guarantee shall be in writing and, in the case of any amendment, signed by each Guarantor and the Administrative Agent. Any waiver, amendment or consent made or entered into in accordance with this Clause 8 shall be binding upon each of the Parties and shall be published in the website of MARF through an announcement of “other information relevant” (*otra información relevante*).

9. **ENTIRE AGREEMENT**

This Guarantee constitutes the entire agreement between the Parties with respect to the subject matter of this Guarantee.

10. **PARTIAL INVALIDITY**

If, at any time, any provision of this Guarantee is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired. The Parties undertake to establish by mutual agreement a provision that leads to as much as possible the same effects that would have occurred should the original provision not have been illegal, invalid or unenforceable.

11. **COUNTERPARTS**

This Guarantee may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Guarantee.

12. **ORIGINALS**

(a) The original of this Guarantee shall be kept in the premises of the Administrative Agent until the latest of the following to occur: (i) the date of expiration of the Programme or (ii) the date on which the Guaranteed Obligations have been fully discharged.

(b) Any Noteholder who provides evidence to the satisfaction of the Administrative Agent that it is a holder of the Notes which are unpaid at the relevant maturity date shall be able to request a copy of the original Guarantee from the Administrative Agent or to request a notarial certified copy from the Administrative Agent, provided that in each case the relevant Noteholder advances to the Administrative Agent the relevant funds in order to settle the payment of the notarial fees or costs and in such case the copy will be delivered within ten Business Days from the receipt by the Administrative Agent of the necessary funds in order to settle the notarial fees or costs.

13. **GOVERNING LAW**

This Guarantee and any non-contractual obligations arising out of or in connection with it are governed by English law.

14. **JURISDICTION**

14.1 The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this Guarantee (including a dispute relating to the existence, validity or termination of this Guarantee or the consequences of its nullity or any non-contractual obligations arising out of or in connection with this Guarantee) (a "**Dispute**").

14.2 The Parties agree that the courts of England are the most appropriate and convenient courts to settle Disputes and, accordingly, the Parties agree not to argue to the contrary and waive objection to those courts on the grounds of inconvenient forum or otherwise in relation to proceedings in connection with this Guarantee.

This Guarantee has been entered into on the date stated at the beginning of this Guarantee and executed as a deed by the Guarantor and is intended to be and is hereby delivered by the Guarantor as a deed on the date specified above.

SCHEDULE I.- Form of Payment Demand

To the attention of: [Sonnedix UK Services Limited / Sonnedix Solar Holdings Limited][1]

Reference: [Sonnedix España CP], S.A.U. commercial paper notes programme (the "Programme") for the issuance of commercial paper notes (pagarés) (the "Notes")

In Spain, [Day] [Month] [Year]

Dear Sirs,

We are writing to you in your capacity as Guarantor pursuant to the PARENT COMPANY GUARANTEE – COMMERCIAL PAPER NOTES entered into on [✸] (the "**PCG**" or the "**Guarantee**"), to secure the payment obligations of Sonnedix España Commercial Paper, S.A.U. (the "**Issuer**") under the commercial paper notes programme (the "**Programme**") for the issuance of commercial paper notes (*pagarés*) under such Programme (the "**Notes**").

The terms in capital letters shall have the meaning ascribed to them in the Guarantee unless expressly defined in this letter in other sense.

Having noted that there has been no payment in respect of the Notes of the amount payable pursuant to the Notes on the scheduled [payment/maturity] date [✸], we hereby, acting as Administrative Agent in accordance with the terms and conditions of the PCG hereby request you to make available to the Paying Agent to the bank account identified below the due amount to be paid, through Iberclear, to each and every one of the Noteholders registered as holders of the Notes within a maximum period of 5 Business Days (as such term is defined under the Guarantee) from the date of this notice.

Payment must be done to the following account of the Paying Agent[2]:
[____]

In relation to this payment demand, the total amount to be paid to the Noteholders of the Notes is: [X] euros.

We confirm that following payment of such amount referenced above, the Maximum Guaranteed Amount shall not be exceeded.

Also, we kindly request you to provide us with the relevant evidence of payment within 5 Business Days from the date of this notice.

Regards,

BONDHOLDERS, S.L.
Administrative Agent

____
By:

[1] [*Note: Payment Demand to be submitted in accordance with this Guarantee and with particular reference to clause 2.3.*]
[2] [*Note: this is the bank account where the payments are normally made by the Issuer to meet its payments obligations to the Noteholders via the Paying Agent and through Iberclear*]

The Guarantors

By: Sonnedix Solar Holdings Limited

Executed as a deed by
Sonnedix Solar Holdings Limited
and signed and delivered on
its behalf by
its authorised signatory

By: Sonnedix UK Services Limited

Executed as a deed by
Sonnedix UK Services Limited
and signed and delivered on
its behalf by
its authorised signatory

in the presence of:)

Witness

Signature:

Name:

Address:

The Administrative Agent

BONDHOLDERS, S.L.

____
Name: Mercedes González Gómez