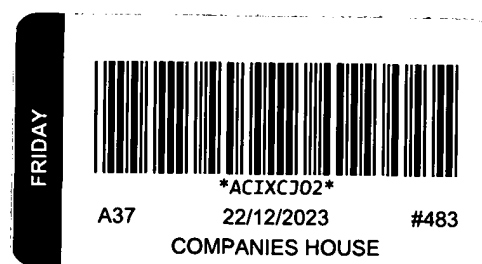


Cero Generation Holdings Spain Limited

Annual Report and Financial Statements

For the financial year ended 31 March 2023



Registered number: 11346219

Cero Generation Holdings Spain Limited
Registered number: 11346219

Company Information

Directors	D Deasy (appointed 26 August 2022) M M Queimadelos (appointed 26 August 2022)
Company secretary	R G J Walker (appointed 8 July 2023)
Registered number	11346219
Registered office	Ropemaker Place 28 Ropemaker Street London EC2Y 9HD United Kingdom
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants & Statutory Auditor 40 Clarendon Road Watford Hertfordshire WD17 1JJ United Kingdom
Bankers	Citibank Canada Square Canary Wharf London E14 5LB

Cero Generation Holdings Spain Limited

Registered number: 11346219

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Cero Generation Holdings Spain Limited

Registered number: 11346219

Directors' report

For the financial year ended 31 March 2023

The Directors present their annual report and audited financial statements for the financial year ended 31 March 2023.

In accordance with a resolution of the Directors (the "Directors") of Cero Generation Holdings Spain Limited (the "Company"), the Directors submit herewith the audited financial statements of the Company and report as follows:

As the Company meets the qualifying conditions under section 382 of the Companies Act 2006 (the "Act"), the Directors' have taken advantage of the exemption provided in sections 414B (as incorporated into the Act by the Strategic Report and Directors' Report Regulations 2013) for the preparation of a Strategic Report.

Principal activities

The principal activity of the Company during the financial year ended 31 March 2023 was to act as a holding company to facilitate onshore renewable development in Spain.

Results and dividends

The loss for the financial year, after taxation, amounted to €482,000 (2022: profit of €16,548,000). No dividends were paid or provided for during the financial year. No final dividend has been proposed.

Directors

The Directors of the company who were in office during the financial year and up to the date of signing the financial statements were:

K Ewald (appointed 19 January 2023, resigned 4 July 2023)

D Deasy (appointed 26 August 2022)

M M Queimadelos (appointed 26 August 2022)

D J S Privat (resigned 4 November 2022)

M J Edgar (resigned 26 August 2022)

E P Northam (resigned 26 August 2022)

The Secretary who held office as a Secretary of the Company throughout the financial year and until the date of this report, unless disclosed otherwise, was:

H Everitt (resigned 6 July 2023)

R G J Walker (appointed 8 July 2023)

Principal risks and uncertainties

The Company has considered the principal risks and uncertainties of the business including its net liability position, the situation in Ukraine, and the current high levels of inflation in the UK. While the Company has no direct links with Ukraine, the ongoing situation may impact global procurement prices. The increased inflation rates have continued to have minimal impact on the Company.

Financial risk management

The Company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. Further discussion of the financial risk management objectives and policies, in the context of the group as a whole, are discussed in the company's ultimate parent's group annual report which does not form part of this report.

Cero Generation Holdings Spain Limited

Registered number: 11346219

Directors' report (continued)

For the financial year ended 31 March 2023

Post balance sheet events

Any significant events since the Balance Sheet date that would have required disclosure in the financial statements have been outlined in note 16.

Qualifying third party indemnity provisions

As permitted by the Company's Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act. The indemnity was in force throughout the last financial year and also at the date of approval of the financial statements. The ultimate parent purchased and maintained throughout the financial year Directors' liability insurance in respect of the Company and its Directors.

Going Concern

At 31 March 2023, the Company has net current assets of €4,288,000 (2022: €12,000,000) and total shareholder's funds of €22,665,000 (2022: €23,147,000).

The Company is a holding entity that has various subsidiary companies that develop renewable energy projects in Spain. The assets under development are marketable and once the development is completed the Directors consider that the fair value of the assets will be in excess of the costs incurred.

The Directors have assessed that there is material uncertainty in relation to the Company's financial statements being prepared under a going concern basis as the Company is reliant on financial contributions from its parent undertaking Cero Generation Limited. The Directors have received confirmation from the Parent company that it does not intend to seek repayment of amounts advanced to the Company for the period of 12 months following the financial statements being approved. Based on their current view, the Directors have concluded to their best knowledge that they reasonably expect Cero Generation Limited to continue to fund the Company so that it can continue in operational existence for the foreseeable future as Cero Generation Limited has access to sufficient funding. For these reasons the Company's directors adopt the going concern basis of accounting in preparing the Company's financial statements. Since the funding is currently not committed, there exists a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern and therefore, it may be unable to settle its liabilities in the normal course of business. The financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern.

The Directors have concluded that they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Directors' report and financial statements.

Cero Generation Holdings Spain Limited

Registered number: 11346219

Directors' report (continued)

For the financial year ended 31 March 2023

Directors' responsibilities statement

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

Applicable company law requires the Directors to prepare the financial statements for each financial year. Under the law, the Directors have elected to prepare the financial statements in accordance with the United Kingdom Generally Accepted Accounting Practice and Financial Reporting Standard 101 'Reduced Disclosure Framework'

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 assets, liabilities and financial position of the Company as at the financial year end date, of the profit or loss for that financial year.

In preparing these financial statements, the Directors are required to:


- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements identify those standards, and note the effect and the reasons for any material departure from those standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

Directors' confirmation

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors is unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors is aware of that information.

This report was approved by the board and signed on its behalf by

DocuSigned by:

.....49E515F2616942A.....
M M Queimadelos
Director

Date: 21/12/2023

Independent auditors' report to the members of Cero Generation Holdings Spain Limited

Report on the audit of the financial statements

Opinion

In our opinion, Cero Generation Holdings Spain Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 March 2023; the Income Statement and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2 to the financial statements concerning the company's ability to continue as a going concern. The Company is reliant on funding from its parent undertaking, Cero Generation Limited, so that it can continue in operational existence for the foreseeable future. This funding is currently not committed. These conditions, along with the other matters explained in note 2 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company were unable to continue as a 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 responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on

the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 March 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to Companies Act 2006, the Corporation Tax Act 2010 and VAT regulation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to misappropriation of cash. Audit procedures performed by the engagement team included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud; these inquiries were corroborated through review of Board minutes;
- Obtaining an understanding of the legal and regulatory frameworks applicable to the Company, including those relating to the reporting framework;
- Addressing the risk of fraud through management override of controls by testing the appropriateness of journal entries, including journal entries with unusual account combinations;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing; and
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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.

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

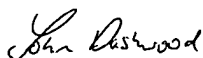
Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: take advantage of the small companies exemption in preparing the Directors' Report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



John Dashwood (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Watford
21st December 2023

Cero Generation Holdings Spain Limited
Registered number: 11346219

Income statement

For the financial year ended 31 March 2023

	Note	Year ended 31 March 2023 €'000	Year ended 31 March 2022 €'000
Administrative expenses	5	(3,186)	(1,024)
Other operating income	4	1,450	23,888
Other operating expenses		-	(1,690)
Operating (loss)/profit		(1,736)	21,174
Finance Income		1,254	268
Finance Costs		-	(13)
(Loss)/profit before taxation		(482)	21,429
Tax on (loss)/profit	7	-	(4,881)
(Loss)/profit for the financial year		(482)	16,548

There were no other comprehensive income to be recognised for 2023 or 2022 other than those included in the income statement.

The notes on pages 10 to 22 form part of these financial statements.

Cero Generation Holdings Spain Limited

Registered number: 11346219

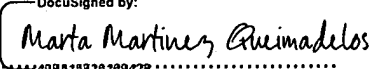
Statement of financial position

As at 31 March 2023

	Note	2023 €'000	2022 €'000
Fixed assets			
Investments	8	18,377	11,147
Current assets			
Debtors: amounts falling due within one year	10	7,706	12,920
Cash and cash equivalents		15	2
		<u>7,721</u>	<u>12,922</u>
Current liabilities			
Creditors: amounts falling due within one year	11	(3,433)	(922)
Net current assets		<u>4,288</u>	<u>12,000</u>
Net assets		<u>22,665</u>	<u>23,147</u>
Equity			
Called up share capital	12	10,500	10,500
Retained earnings		12,165	12,647
Total Shareholders' funds		<u>22,665</u>	<u>23,147</u>

The above statement of financial position should be read in conjunction with the accompanying notes pages 10 to 22, which form an integral part of the financial statements.

The financial statements on pages 7 to 22 were approved by the Board of Directors on 20.12.2023 and signed on its behalf by:

DocuSigned by:

432513726189428.....
M M Queimadelos
 Director

Date: 21/12/2023

Cero Generation Holdings Spain Limited
Registered number: 11346219

Statement of changes in equity

For the financial year ended 31 March 2023

	Share capital	Retained earnings	Total shareholders' funds
	€'000	€'000	€'000
At 1 April 2022	10,500	12,647	23,147
Loss for the financial year	-	(482)	(482)
At 31 March 2023	<u>10,500</u>	<u>12,165</u>	<u>22,665</u>

	Share capital	(Accumulated losses)/ Retained earnings	Total shareholders' funds
	€'000	€'000	€'000
At 1 April 2021	10,500	(3,901)	6,599
Profit for the financial year	-	16,548	16,548
At 31 March 2022	<u>10,500</u>	<u>12,647</u>	<u>23,147</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes on pages 10 to 22, which form an integral part of the financial statements.

Cero Generation Holdings Spain Limited

Registered number: 11346219

Notes to the financial statements

For the financial year ended 31 March 2023

1. General information

The Company is a private company limited by shares and is incorporated and domiciled in the United Kingdom and registered in England and Wales. The address of its registered office is Ropemaker Place, 28 Ropemaker Street, London, EC2Y 9HD, United Kingdom.

The principal activity of the Company during the financial year ended 31 March 2023 was to hold investments in Spanish entities in order to source, originate, develop, construct and operate renewable energy projects.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Companies Act 2006, as applicable to companies using Financial Reporting Standard 101, 'Reduced Disclosure Framework' ("FRS 101").

The financial statements have been prepared on the historic cost basis.

The financial statements contain information about the Company as an individual Company and do not contain consolidated financial information as a 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 in full consolidation in the consolidated financial statements of its ultimate parent Macquarie Group Limited ("MGL"), a Company incorporated in Australia.

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the financial years presented, unless otherwise stated.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the UK (UK- adopted international accounting standards), but makes amendments where necessary in order to comply with the Companies Act 2006 and to take advantage of FRS 101 disclosure exemptions.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- The requirements of IAS 7 'Statement of Cash Flows';
- The requirements of paragraph 17 of IAS24 'Related Party Disclosures' (key management compensation); and
- The requirements of IAS24 to disclose related party transactions entered into between two or more members of a group where both parties to the transaction are wholly owned within the group.

Cero Generation Holdings Spain Limited

Registered number: 11346219

Notes to the financial statements

For the financial year ended 31 March 2023

2. Accounting policies (continued)

2.2 Changes in accounting policy and disclosures

New and amended standards by the Company

There have been no new accounting standards adopted by the Company in the year.

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2023 reporting periods and have not been early adopted by the Company. None of these are expected to have a material impact on the Company in the current or future reporting periods and on foreseeable transactions.

2.3 Going concern

At 31 March 2023, the Company has net current assets of €4,288,000 (2022: €12,000,000) and total shareholder's funds of €22,665,000 (2022: €23,147,000).

The Company is a holding entity that has various subsidiary companies that develop renewable energy projects in Spain. The assets under development are marketable and once the development is completed the Directors consider that the fair value of the assets will be in excess of the costs incurred.

The Directors have assessed that there is material uncertainty in relation to the Company's financial statements being prepared under a going concern basis as the Company is reliant on financial contributions from its parent undertaking Cero Generation Limited. The Directors have received confirmation from the Parent company that it does not intend to seek repayment of amounts advanced to the Company for the period of 12 months following the financial statements being approved. Based on their current view, the Directors have concluded to their best knowledge that they reasonably expect Cero Generation Limited to continue to fund the Company so that it can continue in operational existence for the foreseeable future as Cero Generation Limited has access to sufficient funding. For these reasons the Company's directors adopt the going concern basis of accounting in preparing the Company's financial statements. Since the funding is currently not committed, there exists a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern and therefore, it may be unable to settle its liabilities in the normal course of business. The financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern.

The Directors have concluded that they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Directors' report and financial statements.

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is Euros.

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Cero Generation Holdings Spain Limited

Registered number: 11346219

Notes to the financial statements

For the financial year ended 31 March 2023

2. Accounting policies (continued)

2.4 Foreign currency translation (continued)

Transactions and balances

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Profit and loss account within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.5 Finance income

Finance income is recognised in profit or loss using the effective interest method.

2.6 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.7 Taxation

Tax is recognised in profit or loss except when a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

2.8 Investment in subsidiaries and joint ventures

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

Investments in joint ventures are measured by performing an assessment at each reporting date to determine whether there is any objective evidence that its interests in joint ventures are impaired.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount, and they are recognised within 'Other (expense)/income' in the income statement.

Cero Generation Holdings Spain Limited

Registered number: 11346219

Notes to the financial statements

For the financial year ended 31 March 2023

2. Accounting policies (continued)

2.9 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, inclusive of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.10 Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks.

2.11 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Creditors are presented as amounts falling due within one year unless payment is not due within 12 months after the reporting period.

2.12 Financial instruments

Recognition of financial instruments

Financial instruments are recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is initially recognised at fair value and is adjusted for (in the case of instruments not classified at FVTPL) for transaction costs that are incremental and directly attributable to the acquisition or issuance of the financial instrument, and fees that are an integral part of the effective interest rate. Transaction costs and fees paid or received relating to financial instruments carried at FVTPL are recorded in the profit and loss account.

The best evidence of a financial instrument's fair value at initial recognition is its transaction price, unless its fair value is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique for which variables include only inputs from observable markets.

Financial instruments arising in multiple transactions are accounted for as a single arrangement if this best reflects the substance of the arrangement. Factors considered in this assessment include whether the financial instruments:

- are entered into at the same time and in contemplation of one another;
- have the same counterparty;
- relate to the same risk;
- there is no apparent economic need or substantive business purpose for structuring the transactions separately that could not also have been accomplished in a single transaction; or
- consideration of whether each of the financial instruments has its own terms and conditions and each may be transferred or settled separately.

Cero Generation Holdings Spain Limited

Registered number: 11346219

Notes to the financial statements

For the financial year ended 31 March 2023

2. Accounting policies (continued)

2.12 Financial instruments (continued)

De-recognition of financial instruments

Financial assets

Financial assets are de-recognised from the balance sheet when:

- the rights to cash flows have expired; or
- the Company has transferred the financial asset such that it has transferred substantially all the risks and rewards of ownership of the financial asset.

A financial asset is transferred if, and only if, the Company:

- i. transfers the contractual rights to receive the cash flows of the financial asset; or
- ii. retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients in an arrangement where the Company is:
 - not obligated to pay amounts to the eventual recipients unless it collects equivalent amounts from the original asset;
 - prohibited from selling or pledging the original asset other than as security to the eventual recipients; and
 - obligated to remit any cash flows it collects on behalf of the eventual recipients without material delay.

In transactions where the Company neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset, the asset is de-recognised if control over the asset is lost. Any interest in the transferred and de-recognised financial asset that is created or retained by the Company is recognised as a separate asset or liability.

In transfers where control over the asset is retained, the Company continues to recognise the asset to the extent of its continuing involvement as determined by the extent to which it is exposed to changes in the value of the transferred asset.

Financial liabilities

Financial liabilities are derecognised from the balance sheet when the Company's obligation has been discharged, cancelled or has expired.

Classification and subsequent measurement

Financial assets

Financial assets are classified based on the business model within which the asset is held and on the basis of the financial asset's contractual cash flow characteristics.

Business model assessment

The Company uses judgement in determining the business model at the level that reflects how groups of financial assets are managed and its intention with respect to its financial assets. In determining the business model, all relevant evidence that is available at the date of the assessment is used including:

- i. how the performance of the financial assets held within that business model is evaluated and reported to the Macquarie Group's Senior Management personnel and senior executives;
- ii. the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and
- iii. how managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

Cero Generation Holdings Spain Limited

Registered number: 11346219

Notes to the financial statements

For the financial year ended 31 March 2023

2. Accounting policies (continued)**2.12 Financial instruments (continued)****Solely payment of principal and interest ("SPPI")**

The contractual cash flows of a financial asset are assessed to determine whether these represent SPPI on the principal amount outstanding consistent with a basic lending arrangement. This includes an assessment of whether cash flows primarily reflect consideration for the time value of money, and credit risk of the principal outstanding. Interest may also include consideration for other basic lending risks and costs.

Amortised cost

A financial asset is subsequently measured at amortised cost using the EIR method where:

- i. the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows;
- ii. the contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI requirements; and
- iii. the financial asset has not been classified as DFVTPL.

Interest income determined in accordance with the EIR method is recognised as part of interest and similar income.

Fair value through profit or loss ("FVTPL")

Financial assets that do not meet the criteria to be measured at amortised cost or FVOCI are subsequently measured at FVTPL.

For the purposes of the Company's financial statements, the FVTPL classification consists of the following:

- financial assets that are held for active trading ("HFT"), which are measured at FVTPL. This classification includes all derivative
- financial assets, except those that are designated as hedging instruments in qualifying hedge relationships and are classified as "FVPTL";
- financial assets in a business model whose objective is achieved by managing the financial assets on a fair value basis in order to realise gains and losses as opposed to a business model in which the objective is to collect contractual cash flows (FVTPL);
- financial assets that fail the SPPI test (FVTPL); and
- financial assets that have been designated to be measured at fair value through profit or loss to eliminate or significantly reduce an accounting mismatch (DFVTPL).

Equity financial assets that are not held for active trading are measured at FVTPL. Subsequent changes in fair value are recognised as investment income within other operating income/expenses.

Subsequent changes in the fair value of debt financial assets are measured at FVTPL are presented as follows:

- Changes in the fair value of financial assets that are classified as HFT and financial assets managed on a fair value basis are recognised in net trading income;
- Changes in the fair value of debt financial investments and loans to associates and joint ventures that fail SPPI are recognised in investment income as part of other operating income/expenses;
- Changes in the fair value of all other FVTPL and DFVTPL financial assets are recognised as part of other income/(loss) within other operating income/expenses.

Where applicable, the interest component of financial assets is recognised as interest and similar income.

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Notes to the financial statements

For the financial year ended 31 March 2023

2. Accounting policies (continued)**2.12 Financial instruments (continued)****Financial liabilities**

Financial liabilities are subsequently measured at amortised cost.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount reported on the balance sheet, when there is a current legally enforceable right to offset the amounts and either there is an intention to settle on a net basis or realise the financial asset and settle the financial liability simultaneously.

2.13 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the issue proceeds.

2.14 Rounding of amounts

All amounts in the Directors' Report and Financial Statements have been rounded off to the nearest thousand pound (£'000) unless otherwise indicated.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the accounting policies. The notes to the financial statements set out areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the Company and the financial statements such as:

- judgement in timing and amount of impairment of interest investment in subsidiaries, joint ventures, including the reversal thereof (2.8, 8)
- judgement in determination of joint control over joint ventures and control over subsidiaries, including the assessment of whether certain rights are protective or substantive in nature, whether these rights are held in the capacity as agent or principal and whether the level of involvement in an investee's relevant activities is sufficient to significantly affect the returns generated. (2.8, 9).

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events.

4. Other operating income

	2023	2022
	€'000	€'000
Other operating income	1,450	7
Profit on disposal of fixed asset investments	-	23,881
	<u>1,450</u>	<u>23,888</u>

Other operating income comprises of impaired debtor balances which have been since been recovered or deemed as recoverable due to favourable changes impacting recoverability assessments.

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Notes to the financial statements

For the financial year ended 31 March 2023

5. Administrative expenses

	2023 €'000	2022 €'000
Audit fee	38	135
Other administrative expenses	3,148	889
	<u>3,186</u>	<u>1,024</u>

6. Employees

The Company has no employees other than the Directors, who did not receive any remuneration (2022: €Nil).

7. Tax on (loss)/profit

	2023 €'000	2022 €'000
Corporation tax		
Current tax on profits for the year	-	4,491
Adjustments in respect of previous years	-	390
	<u>-</u>	<u>4,881</u>
Tax on profit/(loss)	<u>-</u>	<u>4,881</u>

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Notes to the financial statements

For the financial year ended 31 March 2023

7. Tax on (loss)/profit (continued)**Factors affecting tax charge/(credit) for the financial year**

The tax assessed for the financial year is lower than (2022 - higher than) the standard rate of corporation tax in the UK of 19% (2022: 19%). The differences are explained below:

	2023 €	2022 €
Profit/(loss) before tax	<u>(482)</u>	<u>21,429</u>
Profit/(loss) multiplied by standard rate of corporation tax in the UK of 19% (2022 - 19%)	(92)	4,072
Effects of:		
Expenses not deductible for tax purposes	139	159
Income not taxable for tax purposes	(295)	(4,539)
Spanish tax due on disposal	-	4,505
Adjustments to tax charge in respect of previous years Remeasurement of deferred tax for changes in tax rates	(78)	(156)
Current tax (prior year) exchange diff arising on movement between opening and closing spot rates	-	(1)
Movement in deferred tax not recognised	326	276
Timing not recognised in Computation	-	175
Total tax charge/(credit) for the financial year	<u>-</u>	<u>4,881</u>

Factors that may affect future tax charges

Finance Act 2015 set the main rate of corporation tax to 19% with effect from 1 April 2017. In Spring 2021 the Government has further announced that the tax rate will increase from 19% to 25% from 1 April 2023.

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Notes to the financial statements

For the financial year ended 31 March 2023

8. Investments

	Investments in subsidiary €'000	Investment in joint ventures €'000	Loans to joint ventures €'000	Total €'000
Cost or valuation				
At 1 April 2022	3	4,000	7,144	11,147
Additions	3,126	-	4,205	7,331
Revaluations	-	-	(101)	(101)
At 31 March 2023	3,129	4,000	11,248	18,377
Net book value				
At 31 March 2023	3,129	4,000	11,248	18,377
At 31 March 2022	3	4,000	7,144	11,147

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Notes to the financial statements

For the financial year ended 31 March 2023

8. Investments (continued)**Subsidiaries**

The following were the subsidiary undertakings of the Company:

Name of Subsidiary	Holding	Country of Incorporation	% Ownership	€'000
Paseta Servicios Empresariales, S.L.	Direct	Spain	100	-
Ticopa Servicios Empresariales, S.L.	Direct	Spain	100	3
Tencata Servicios Empresariales, S.L.	Direct	Spain	100	-
Encina New Energy S.L.	Indirect	Spain	80	-
Ficus Solar PV, S.L.	Indirect	Spain	80	-
Manzano Solar PV, S.L.	Indirect	Spain	80	-
Solar-PV EXT 001 Sociedad Limitada	Indirect	Spain	80	-
Abeto New Energy S.L.	Indirect	Spain	80	-
Loto Solar PV, S.L.	Indirect	Spain	80	-
Magnolia Solar PV, S.L.	Indirect	Spain	80	-
Olivo New Energy S.L.	Indirect	Spain	80	-
Sabina Solar PV S.L.	Indirect	Spain	80	-
Sauce New Energy, S.L.	Indirect	Spain	80	-
Polenta New Energy, S.L.U.	Direct	Spain	70	216
Palatium New Energy, S.L.U.	Direct	Spain	70	216
Petra New Energy, S.L.U.	Direct	Spain	70	249
Talaria New Energy, S.L.U.	Direct	Spain	70	749
Sandala New Energy, S.L.U.	Direct	Spain	70	362
Kiwi New Energy, S.L.U.	Direct	Spain	70	1,334

9. Investments in joint ventures

	2023 €'000	2022 €'000
Investments in joint ventures	4,000	4,000
Total interests in joint ventures	4,000	4,000

The Company holds a direct 50% interest in Nara Solar, S.L.

The office address for Nara Solar S.L. is Calle López de Hoyos número 15, 3º Derecha, Madrid, Spain.

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Notes to the financial statements

For the financial year ended 31 March 2023

10. Debtors: Amounts falling due within one year

	2023 €'000	2022 €'000
Amounts owed by Group undertakings	3,022	8,472
Prepayments & other debtors	4,684	4,448
	<u>7,706</u>	<u>12,920</u>

Amounts owed by other group companies are repayable on demand and bear interest between 0% and 3%.

11. Creditors: Amounts falling due within one year

	2023 €'000	2022 €'000
Amounts owed to Group undertakings	3,304	891
Accruals	126	19
Other creditors	3	12
	<u>3,433</u>	<u>922</u>

Amounts owed to other group companies are repayable on demand and bear interest between 0% and 3%.

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Notes to the financial statements
For the financial year ended 31 March 2023

12. Called up share capital

	2023 €'000	2022 €'000
Authorised, Allotted, called up and fully paid		

10,500,100 (2022 - 10,500,100) Ordinary shares of €1.00 each	<u>10,500</u>	<u>10,500</u>
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13. Related Party transactions

The Company does not have any related party transactions or balances other than those with entities which form part of the Macquarie Group.

14. Contingent liabilities

The Company has no contingent liabilities or commitments which are individually material or a category of contingent liabilities or commitments which are material.

15. Controlling parties

At 31 March 2023, the immediate parent undertaking of the Company is Cero Generation Limited. The ultimate parent undertaking and controlling party of the Company is Macquarie Group Limited ("MGL"). The largest group to consolidate these financial statements is MGL, a company incorporated in Australia. The smallest group to consolidate these financial statements is Macquarie Financial Holdings Pty Limited ("MFHPL"), a company incorporated in Australia. Copies of the consolidated financial statements for MGL and MFHPL can be obtained from the Company Secretary, Level 6, 50 Martin Place, Sydney, New South Wales, 2000, Australia.

16. Post balance sheet events

In July 2023 the Company increased its equity investment in Nara Solar S.l. to 100%. This acquisition was a strategic decision made which allows access to a potential 7.8GW pipeline comprising multiple greenfield sites at different stages of developmen