SOLARIA ENERGÍA Y MEDIO AMBIENTE, S.A. AND SUBSIDIARIES

Interim Condensed Consolidated Financial Statements

for the six months ended June 30, 2022

Solaria

September 22, 2022

SOLARIA ENERGÍA Y MEDIO AMBIENTE, S.A. and Subsidiaries
Consolidated statement of financial position as at June 30, 2022 (Thousands of euros)

ASSETS	Notes	06/30/2022	12/31/2021
NON-CURRENT ASSETS		**1,000,890**	**854,468**
Intangible assets	**4**	**158**	**168**
Surface rights	**6**	**114,888**	**112,053**
Property, plant, and equipment	**5**	**816,714**	**671,303**
Non-current financial assets		**2,236**	**1,478**
Deferred tax assets	**12**	**66,894**	**69,466**
CURRENT ASSETS		**171,074**	**188,284**
Trade and other receivables		**51,850**	**34,716**
Trade receivables	7	48,142	34,489
Other receivables	7	238	227
Other receivables from public authorities	12	3,470	-
Current financial assets		**200**	**301**
Prepayments for current assets		**528**	**416**
Cash and cash equivalents	**8**	**118,496**	**152,851**
TOTAL ASSETS		**1,171,964**	**1,042,752**

SOLARIA ENERGÍA Y MEDIO AMBIENTE, S.A. and Subsidiaries
Consolidated statement of financial position as at June 30, 2022 (Thousands of euros)

EQUITY AND LIABILITIES	Notes	06/30/2022	12/31/2021
EQUITY		**300,046**	**247,355**
CAPITAL AND RESERVES		**325,570**	**280,396**
Share capital	**9**	**1,250**	**1,250**
Share premium	**9**	**309,676**	**309,676**
Reserves	**9**	**45,359**	**45,359**
Legal and by-law reserves		5,311	5,311
Voluntary reserves		40,048	40,048
Prior periods' losses		**(75,889)**	**(123,924)**
Non-controlling interests		**1,440**	**-**
Profit for the period		**43,734**	**48,035**
VALUATION ADJUSTMENTS		**(25,524)**	**(33,041)**
Hedging transactions	9	(25,130)	(32,645)
Translation differences		(394)	(396)
NON-CURRENT LIABILITIES		**680,203**	**621,752**
Non-current loans and borrowings		**680,203**	**621,752**
Bank borrowings	10	410,002	355,958
Bonds and other marketable securities	10	129,435	122,100
Lease liabilities		108,980	106,151
Derivatives		31,786	37,543
CURRENT LIABILITIES		**191,715**	**173,645**
Current loans and borrowings		**81,075**	**84,168**
Bank borrowings	10	25,169	23,629
Bonds and other marketable securities	10	50,374	54,502
Lease liabilities		4,519	4,681
Derivatives		-	575
Other financial liabilities		1,013	781
Trade and other payables		**110,640**	**89,477**
Suppliers and other payables	11	104,688	83,907
Personnel (salaries payable)	11	-	2,522
Current tax liabilities	12	4,324	2,577
Other payables to public authorities	12	1,628	464
Advances from customers	11	-	7
TOTAL EQUITY AND LIABILITIES		**1,171,964**	**1,042,752**

SOLARIA ENERGÍA Y MEDIO AMBIENTE, S.A. and Subsidiaries
Consolidated income statement for the six months ended June 30, 2022 (Thousands of euros)

	Notes	06/30/2022	06/30/2021
CONTINUING OPERATIONS			
Revenue	13.1	68,115	42,967
Other income		3,492	3,593
Self-constructed assets		3,833	2,938
Personnel expenses		(4,810)	(3,238)
Other operating expenses	13.2	(2,500)	(3,812)
Amortization and depreciation	4,5 and 6	(11,314)	(9,115)
OPERATING PROFIT		**56,816**	**33,333**
Finance income	13.3	170	260
Finance costs	13.3	(8,863)	(7,855)
NET FINANCE INCOME/(EXPENSE)		**(8,693)**	**(7,595)**
CONSOLIDATED PROFIT BEFORE TAX		**48,123**	**25,738**
Income tax expense	12	(4,389)	(2,089)
CONSOLIDATED PROFIT- CONTINUING OPERATIONS		**43,734**	**23,649**

Solaria

Consolidated statement of changes in equity for the six months ended June 30, 2022 (Thousands of euros)

A) INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	06/30/2022	06/30/2021
Profit for the period		**43,734**	**23,649**
Other comprehensive income			
Net gain/(loss) on cash flow hedges, net of tax	9	7,515	2,237
Exchange differences on translation of foreign operations		2	(51)
Other comprehensive income that may be reclassified to profit or loss in subsequent periods, net of tax		**7,517**	**2,186**
Total comprehensive income for the period, net of tax		**51,251**	**25,835**

B) INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Registered capital (Note 9)	Share premium (Note 9)	Legal reserve (Note 9)	Other reserves and retained earnings (prior periods' losses)	Non-controlling interests	Profit/(loss) for the period	Hedging transactions (Note 10)	Translation differences	Total
BALANCE AT JANUARY 1, 2020	1,250	309,676	5,311	(114,290)	-	30,414	(9,479)	(368)	222,514
Total comprehensive income	-	-	-	-	-	48,035	(23,166)	(28)	24,841
Distribution of profit/(loss)	-	-	-	30,414	-	(30,414)	-	-	-
BALANCE AT DECEMBER 31, 2021	1,250	309,676	5,311	(83,876)	-	48,035	(32,645)	(396)	247,355
Total results	-	-	-	-	-	43,734	7,515	2	51,251
Distribution of profit/(loss)	-	-	-	48,035		(48,035)	-	-	-
Other changes	-	-	-	-	1,440	-	-	-	1,440
BALANCE AT JUNE 30, 2022	1,250	309,676	5,311	(35,841)	1,440	43,734	(25,130)	(394)	300,046

SOLARIA ENERGÍA Y MEDIO AMBIENTE, S.A. and Subsidiaries
Consolidated statement of cash flows for the six months ended June 30, 2022 (Thousands of euros)

	06/30/2022	06/30/2021
Profit for the period before tax	**48,123**	**25,738**
Adjustments for	**20,007**	**16,710**
Depreciation and amortization	11,314	9,115
Finance income	(170)	(260)
Finance costs	8,863	7,855
Working capital changes	**5,044**	**40,162**
Trade and other receivables	(17,134)	(13,178)
Trade and other payables	22,178	53,340
Other cash flows from/(used in) operating activities	**(6,372)**	**(6,406)**
Interest paid	(6,372)	(6,406)
Net cash flows from operating activities	**66,802**	**76,204**
Investing activities		
Purchase of property, plant and equipment	(153,596)	(138,072)
Net cash flows used in investing activities	**(153,596)**	**(138,072)**
Financing activities		
Issue of bonds and other marketable securities	19,870	48,139
Repayment and redemption of bonds and other marketable securities	(16,924)	(2,757)
Proceeds from bank borrowings	65,992	77,283
Redemption and repayment of bank borrowings	(16,499)	(6,224)
Net cash flows from financing activities	**52,439**	**116,441**
Net decrease in cash and cash equivalents	**(34,355)**	**54,573**
Cash and cash equivalents at January 1	**152,851**	**81,308**
Cash and cash equivalents at June 30	**118,496**	**135,881**

1. Corporate information

Solaria Energía y Medio Ambiente, S.A. ("Solaria", "the Company" or "the Parent") was incorporated on November 27, 2002, as a limited liability company (sociedad anónima) in Spain for an indefinite period. The Company changed its registered address to Calle Velázquez, 47, Madrid, on April 28, 2008, and then again to Calle Princesa, 2, Madrid, on July 1, 2009.

The Company's corporate purpose includes mainly:

1. The installation and repair of solar, thermal, photovoltaic, wind, and any other type of renewable energy facilities.
2. The installation and repair of plumbing, gas, electricity, cooling, heating, and air conditioning systems.
3. The design and execution of technical projects related to the above.
4. The provision of maintenance and conservation services for works performed by the Company or third parties.
5. The manufacture of solar, thermal, photovoltaic and other renewable energy modules, cells, and components.

Solaria Group's operations in the six months ended June 30, 2022, and 2021 entailed power generation and sales. Key highlights of the main regulatory framework affecting the various companies comprising the Group are described in the 2021 consolidated financial statements.

The Parent's shares have been listed on Spain's four official stock exchanges and quoted on the Spanish electronic trading platform (continuous market) since June 19, 2007. They were included on the IBEX 35 index on October 19, 2020.

Solaria is the Parent of a Group comprising 96 companies as at June 30, 2022 (December 31, 2021: 95), all wholly owned. New companies were incorporated in the six months ended June 30, 2022, to undertake new projects.

All Solaria Group companies engage mainly in the operation of photovoltaic (PV) solar plants in Spain and other countries where they are located abroad.

The Parent is controlled by DTL Corporación, S.L., based in Madrid, which is the Group's ultimate parent. DTL Corporación, S.L.'s 2021 financial statements were authorized for issue and filed with the Madrid Companies Register.

2. Basis of preparation of the interim financial statements and consolidation principles

2.1. Basis of preparation

Solaria Group's interim condensed consolidated financial statements (the "financial statements") for the six months ended June 30, 2022, were prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions in the applicable financial reporting framework to give a true and fair view of the consolidated equity and financial position of Solaria Energía y Medio Ambiente, S.A. and subsidiaries as at June 30, 2022, and of the consolidated results of their operations, changes in consolidated equity and the consolidated cash flows for the six months then ended.

These financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at December 31, 2021.

Solaria Group used the same accounting policies and methods in the first half of 2022 as in the 2021 annual financial statements.

2.2 Standards and interpretations approved by the European Union and applied for first time in the current reporting period

The accounting policies used to prepare the financial statements are the same as those used to prepare the financial statements in 2021.

2.3 Going concern principle

The Group had negative working capital of 20,641 thousand euros as at June 30, 2022. Nevertheless, the directors estimate that the Company will be able to meet its current liabilities with the cash flow generated by the business and the available financing facilities. Accordingly, the Company's directors have prepared the interim financial statements on a going concern basis. Moreover, as described in Note 15, the Company received 45.5 million euros on July 11, 2022, on the financing agreement entered into on June 30, 2022, with ABN AMRO, Commerzbank and the European Investment Bank (EIB) for 736 MW.

2.4 Comparative information

For comparative purposes, the interim consolidated financial statements for the six months ended June 30, 2022, include the figures as at December 31, 2021, in the consolidated balance sheet, and the figures for the six months ended June 30, 2021, in the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows.

2.5 Responsibility for the information, significant estimates and judgments made in applying the accounting policies

The information in these interim consolidated financial statements is the responsibility of the Parent's directors. The preparation of the interim consolidated financial statements required the Parent's directors to make estimates that affect the reported amounts of certain assets, liabilities, revenue, expenses and commitments recognized therein. The Group reviews these estimates on an ongoing basis.

The Group's success will largely hinge on its ability to develop new projects and build new plants, while remaining cost efficient. The expansion of its production capacity is subject to the risks and uncertainties inherent to business projects.

To manage the expansion of its activities efficiently, the Group improves its operating and financial systems, procedures, and controls continuously to enhance their efficiency.

Estimates and assumptions are based on the best information available at the date of authorization for issue of the annual financial statements on the estimation of uncertainties at the reporting date, which is reviewed regularly. Future events could require adjustments in subsequent periods. The effects of any changes to estimates are recognized prospectively.

The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant, are as follows:

- Analysis of the recoverability of deferred tax assets (Note 12)
- Estimation of the useful lives of property, plant and equipment and right-of-use assets (Notes 5 and 6)
- Compliance with financial ratios linked to project financing (Note 10)

2.6 Functional and presentation currency

The functional currency of Group companies is the euro, except for subsidiaries Yarnel, S.A. and Natelu, S.A. in Uruguay, whose functional currency is the US dollar. The Group's interim financial statements are presented in thousands of euros, which is the Parent’s functional and presentation currency, unless indicated otherwise in the explanatory notes.

2.7 Foreign currency transactions and balances

Foreign currency transactions are translated into euros at the spot exchange rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currency are translated at the functional currency spot rates of exchange at the reporting date. Exchange gains or losses arising on this process and on settlement of these assets and liabilities are recognized in profit or loss for the reporting period in which they occur.

Non-monetary items measured in terms of historical cost are translated using the exchange rates at the dates of the initial transactions.

Non-monetary items measured at fair value are translated using the exchange rates at the date when the fair value is determined. Exchange gains or losses are recognized in profit or loss, unless the change in value of the non-monetary item is recognized in equity, in which case the exchange gains or losses are also recognized in equity.

2.8 Basis of consolidation and consolidation principles

2.8.1 Subsidiaries

Subsidiaries are investees over which the Parent exercises control either directly or indirectly via other subsidiaries. Subsidiaries are fully consolidated, and all their assets, liabilities, income, expenses and cash flows are included in the consolidated financial statements after making adjustments and eliminations for intragroup transactions.

The uniformity adjustments applied were as follows:

- Uniformity of timing: the financial statements of all companies included in the scope of consolidation are as at June 30, 2022 and December 31, 2021.

- Uniformity of measurement: the measurement criteria applied by subsidiaries to assets, liabilities, revenue and expense are the same as those applied by the Parent.

- Uniformity relating to intragroup transactions.

- Uniformity of performing aggregation: for consolidation purposes, the necessary reclassifications have been made to adapt the structure of the subsidiaries' financial statements to those of the Parent and IFRS-EU.

The revenue, expenses and cash flows of subsidiaries are included in the consolidated financial statements from the acquisition date; i.e. the date on which the Group obtains effective control. Consolidation of subsidiaries ceases when control is lost.

The financial statements of subsidiaries used in the preparation of the consolidated financial statements have the same reporting date and period as those of the Parent. The accounting policies of subsidiaries have been adapted to those of the Group for like transactions and other events in similar circumstances.

The translation of the financial statements of foreign subsidiaries whose functional currency is not the euro (applicable to businesses abroad whose functional currency is not that of a hyperinflationary economy) is carried out as follows:

- Assets and liabilities are translated using the spot rates of exchange at the reporting date.

- Income statement items are translated using the average exchange rate for the reporting period, which approximates the exchange rate applicable to each transaction.

- Equity is carried at historical rates.

- The exchange differences arising from the translation of these financial statements into euros are recognized in "Translation differences" in other comprehensive income.

3. Segment information

The Group provides segment information based on the geographical markets in which it operates or develops renewable energy generation facilities. This information is used by management to monitor the business.

As at June 30, 2022, the Group was organized into the following segments:

- Segment 1: Spain.
- Segment 2: Italy.
- Segment 3: Uruguay.
- Segment 4: Portugal and Greece.
- Segment 5: Corporate.

Segment performance is measured based on profit before tax. Segment profit is used as a performance measure since the Group considers this information to be the most relevant in assessing segment results.

Consolidated profit by Group segment:

(Thousands of euros)	Spain		Italy		Uruguay		Portugal and Greece		Corporate		Consolidated	
	06/30/2022	06/30/2021	06/30/2022	06/30/2021	06/30/2022	06/30/2021	06/30/2022	06/30/2021	06/30/2022	06/30/2021	06/30/2022	06/30/2021
Sales to external customers	61,264	36,727	4,761	4,744	1,458	1,188	248	105	384	203	68,115	42,967
Total revenue from external customers	**61,264**	**36,727**	**4,761**	**4,744**	**1,458**	**1,188**	**248**	**105**	**384**	**203**	**68,115**	**42,967**
Amortization and depreciation, and impairments	(8,857)	(6,683)	(1,576)	(1,578)	(539)	(489)	(81)	(81)	(261)	(284)	(11,314)	(9,115)
Other segment income and expense	(4,875)	(2,502)	(738)	(568)	(249)	(196)	(64)	(28)	5,941	2,775	15	(519)
Operating profit/(loss)	**47,532**	**27,542**	**2,447**	**2,598**	**670**	**503**	**103**	**(4)**	**6,064**	**2,694**	**56,816**	**33,333**
Net finance income/(expense)	(7,417)	(6,230)	(798)	(1,003)	(571)	(523)	(79)	-	172	161	(8,693)	(7,595)
Segment profit/(loss) before tax	**40,115**	**21,312**	**1,649**	**1,595**	**99**	**(20)**	**24**	**(4)**	**6,236**	**2,855**	**48,123**	**25,738**

Set out below are segment assets and liabilities as at June 30, 2022 and December 31, 2021:

(Thousands of euros)	Spain		Italy		Uruguay		Portugal and Greece		Corporate		Consolidated	
	06/30/2022	12/31/2021	06/30/2022	12/31/2021	06/30/2022	12/31/2021	06/30/2022	12/31/2021	06/30/2022	12/31/2021	06/30/2022	12/31/2021
Segment assets	**904,250**	**762,941**	**47,442**	**51,114**	**28,272**	**26,366**	**42,081**	**30,170**	**80,062**	**100,500**	**1,102,107**	**971,091**
Non-current assets	805,694	676,131	38,318	42,649	25,758	24,258	39,829	18,083	22,162	22,403	931,761	783,524
Trade and other receivables	40,904	25,760	6,385	6,229	450	588	618	-	3,493	2,139	51,850	34,716
Cash and cash equivalents	57,652	61,050	2,739	2,236	2,064	1,520	1,634	12,087	54,407	75,958	118,496	152,851
Unallocated assets	-	-	-	-	-	-	-	-	**69,857**	**71,602**	**69,857**	**71,602**
Total assets	904,250	762,941	47,442	51,114	28,272	26,366	42,081	30,170	149,919	172,102	1,171,964	1,042,693

(Thousands of euros)	Spain		Italy		Uruguay		Portugal and Greece		Corporate		Consolidated	
	06/30/2022	12/31/2021	06/30/2022	12/31/2021	06/30/2022	12/31/2021	06/30/2022	12/31/2021	06/30/2022	12/31/2021	06/30/2022	12/31/2021
Bank borrowings and bonds and debentures	487,977	435,146	35,540	37,468	24,246	22,552	22,300	12,100	44,917	48,923	614,980	556,189
Finance lease liabilities (IFRS 16)	112,317	109,368	237	243	647	666	-	-	298	555	113,499	110,832
Derivatives	26,804	36,915	1,884	777	-	-	3,098	426	-	-	31,786	38,118
Trade and other payables	8,325	12,569	374	1,338	69	81	6,352	5,968	95,520	69,521	110,640	89,477
Unallocated liabilities	-	-	-	-	-	-	-	-	1,013	781	1,013	781
Total liabilities	635,423	593,998	38,035	39,826	24,962	23,299	31,750	18,494	141,748	119,780	871,918	757,279

4. Intangible assets

The movements in items composing "Intangible assets" as at June 30, 2022 and December 31, 2021, are as follows:

(Thousands of euros)	Opening balance	Additions and allowances	Closing balance
06/30/2022			
Cost			
Intellectual property	76	-	76
Computer software	112	-	112
	188	-	188
Accumulated amortization			
Intellectual property	-		
Computer software	(20)	(10)	(30)
	(20)	**(10)**	**(30)**
Carrying amount	**168**		**158**

(Thousands of euros)	Opening balance	Additions and allowances	Closing balance
12/31/2021			
Cost			
Intellectual property	76	-	76
Computer software	101	11	112
	177	11	188
Accumulated amortization			
Intellectual property	-	-	-
Computer software	-	(20)	(20)
	-	**(20)**	**(20)**
Carrying amount	**177**		**168**

5. Property, plant, and equipment

The movements in items composing "Property, plant and equipment" as at June 30, 2022 and December 31, 2021, are as follows:

(Thousands of euros)	Opening balance	Additions and depreciation	Transfers	Translation differences	Closing balance
06/30/2022					
Cost					
Land, buildings and technical installations	802,925	153,596	-	2,488	959,009
	802,925	153,596	-	2,488	959,009
Accumulated depreciation					
Buildings and technical installations	(131,167)	(10,224)	-	(449)	(141,840)
	(131,167)	(10,224)	-	(449)	(141,840)
Valuation allowances for impairment losses					
Land and buildings	(455)	-	-	-	(455)
	(455)	-	-	-	(455)
Carrying amount	**671,303**				**816,714**

(Thousands of euros)	Opening balance	Additions and depreciation	Transfers	Translation differences/disposals	Closing balance
12/31/2021					
Cost					
Land, buildings and technical installations	562,743	1,832	147,624	(53,374)	658,825
Other property, plant, and equipment	1,585	-	-	(1,585)	-
Property, plant and equipment under construction	102,138	189,586	(147,624)	-	144,100
	666,466	191,418	-	(54,959)	802,925
Accumulated depreciation					
Buildings and technical installations	(135,096)	(18,236)	-	22,165	(131,167)
Other property, plant, and equipment	(1,585)	-	-	1,585	-
	(136,681)	(18,236)	-	23,750	(131,167)
Valuation allowances for impairment losses					
Land, buildings and technical installations	(33,358)	-	-	32,903	(455)
	(33,358)	-	-	32,903	(455)
Carrying amount	**496,427**				**671,303**

The main movements in property, plant and equipment in the six months ended June 30, 2022, were as follows:

- Investments to develop and construct new PV solar plants in Spain, Portugal and Italy.
- Investment in land by Generia Land, S.L.
- Depreciation.

In 2021, the assets of the Puertollano factory were derecognized.

No valuation allowances for impairment losses on property, plant and equipment were recognized in the first six months of 2022.

6. Leases

The Group's leased assets relate mainly to land on which the photovoltaic parks are built. The contracts have an initial lease term of 26 years plus an option to extend the leases for two 5-year periods each. The leases include fixed lease payments and no variable payments, incentives or purchase options.

The movements in items composing "Surface rights" as at June 30, 2022, and December 31, 2021, are as follows:

(Thousands of euros)	Opening balance	Additions and depreciation	Closing balance
06/30/2022			
Cost			
Rights to use land	118,250	3,915	122,165
	118,250	3,915	122,165
Accumulated depreciation			
Rights to use land	(6,197)	(1,080)	(7,277)
	(6,197)	(1,080)	(7,277)
Carrying amount	**112,053**		**114,888**

(Thousands of euros)	Opening balance	Additions and depreciation	Closing balance
12/31/2021			
Cost			
Rights to use land	49,478	68,772	118,250
	49,478	68,772	118,250
Accumulated depreciation			
Rights to use land	(4,071)	(2,126)	(6,197)
	(4,071)	(2,126)	(6,197)
Carrying amount	**45,407**		**112,053**

7. Current financial assets

All the Group's financial assets are assets at amortized cost. The fair value of these assets does not differ significantly from their carrying amounts.

Trade receivables

Contract assets

Trade receivables include contract assets for revenue recognized for energy sales not billed as at the reporting date. At June 30, 2020, these assets amounted to 48,142 thousand euros (December 31, 2021: 34,489 thousand euros). The increase is the result of new projects that came on stream in 2022 and 2021.

Valuation allowances for impairment losses

The balance of "Trade receivables" is presented net of valuation allowances for impairment losses.

No valuation allowances for impairment losses were recognized in the six months ended June 30, 2022, or in 2021.

8. Cash and cash equivalents

The breakdown of this item at June 30, 2022 and December 31, 2021, is as follows:

(Thousands of euros)	**06/30/2022**	**12/31/2021**
Cash	12	10
Demand deposits in current accounts	118,484	152,841
	118,496	**152,851**

The entire balance of this items corresponds to balances in current accounts at banks and cash.

There are restrictions on the availability of the amount of current accounts for certain energy generation subsidiaries financed using project finance and project bonds. The remaining balance of current accounts is freely distributable, once the contractual obligations for distribution with the Group’s lender banks/bondholders have been met.

9. Equity

Registered capital

The Parent's registered capital at June 30, 2022 and December 31, 2021, recognized under "Equity", amounted to 1,250 thousand euros and consisted of 124,950,876 bearer shares of 0.01 euros par value each.

Shareholders and their ownership interests at June 30, 2022, and December 31, 2021, are as follows:

(Thousands of euros)	06/30/2022	12/31/2021
DTL Corporación, S.L.	39.96%	39.96%
Continuous market	60.04%	60.04%
	100%	**100%**

The shares comprising the Parent's share capital are admitted for trading on Spain's four official stock exchanges and are quoted on the Spanish electronic trading platform (continuous market). They were included in the IBEX 35 in October 2020. There are no restrictions on the free transferability of the shares. The Parent's share price at June 30, 2022 was 20.25 euros (December 31, 2021: 15.24 euros).

The Group's objective is to have enough capital so it can raise the necessary financing from external sources for its expansion without jeopardizing its solvency, while maximizing the returns shareholder can obtain on capital invested.

Share premium

The share premium is unrestricted provided that its distribution does not reduce shareholders' equity to below share capital. There were no movements in the share premium in 2022 or 2021.

Reserves

The Group's reserves are unrestricted except for the non-distributable portion of the companies' mandatory legal reserves. There are no non-controlling interests.

Cash flow hedges

The movements in this item in the six months ended June 30, 2022, and in 2021 were as follows:

(Thousands of euros)	Opening balance	Additions and losses (net of taxes)	Amounts transferred to profit or loss (net of taxes)	Closing balance
06/30/2022				
Cash flow hedges	(32,645)	7,082	433	(25,130)
	(32,645)	**7,082**	**433**	**(25,130)**
12/31/2021				
Cash flow hedges	(9,479)	(24,544)	1,378	(32,645)
	(9,479)	**(24,544)**	**1,378**	**(32,645)**

10. Financial liabilities

The breakdown of bank borrowings, bonds and other marketable securities issued by Group subsidiaries, excluding finance lease payables, at June 30, 2022, and December 31, 2021, are as follows:

(Thousands of euros)	Current	Non-current	Total
06/30/2022			
Bank borrowings	25,812	419,250	445,062
Debt arrangement expenses	(643)	(9,248)	(9,891)
	25,169	410,002	435,171
Bonds and other marketable securities	50,342	130,890	181,232
Accrued bond interest payable	125	-	125
Bond arrangement expenses	(93)	(1,455)	(1,548)
	50,374	129,435	179,809
	75,543	**539,437**	**614,980**

(Thousands of euros)	Current	Non-current	Total
12/31/2021			
Bank borrowings	24,434	364,758	389,192
Debt arrangement expenses	(805)	(8,800)	(9,605)
	23,629	355,958	379,587
Bonds and other marketable securities	54,451	123,635	178,086
Accrued bond interest payable	144	-	144
Bond arrangement expenses	(93)	(1,535)	(1,628)
	54,502	122,100	176,602
	78,131	**478,058**	**556,189**

The Group's outstanding debentures and bonds and loans at June 30, 2022 are as follows:

Bonds and debentures

Globasol Villanueva 1, S.A.:

On May 20, 2016, the Company issued a 20.7-year project bond for a nominal amount of 45,300 thousand euros, disbursed at an amount net of arrangement costs of 43,438 thousand euros on May 25, 2016 (December 31, 2021: 44,257 thousand euros). The bond accrues interest of 4.20%, with monthly payments. As a result of this issue, the Company canceled its outstanding bank loan at that date, the related derivative contracts, and part of its subordinated debt with related parties.

The issue contract stipulates early repayment in the event of failure to comply with a minimum Debt Service Coverage Ratio (DSCR) of 1.05x.

Distributions out of the Restricted Account up to the limit of the balance, with a charge to the corresponding Relevant Distribution Period, are subject to compliance with the following terms and conditions:

- That the ratio Compliance Certificate for the Relevant Distribution Period has been submitted;
- That the Debt Service Coverage Ratio and Projected DSCR, backed by the ratio compliance certification for the relevant distribution period against which payment is made, is at least 1.20x;
- That the Debt Service Reserve Account and the Capex Account are fully allocated;
- That there are no outstanding amounts payable related to any early repayments;
- That there has not occurred, or is likely to occur, a circumstance triggering early repayment.

The Company complied with the debt service coverage ratios at June 30, 2022.

Magacela Solar 1, S.A.

On September 30, 2009, the Company entered into a loan agreement with Barclays Bank, S.A. and BNP Paribas, S.A., for a total of 44,000 thousand euros, with 22,000 thousand euros corresponding to Barclays Bank S.A. and 22,000 thousand euros to BNP Paribas S.A., to acquire a PV solar plant.

On July 24, 2017, the Company issued a 20-year project bond for a nominal amount of 9,200 thousand euros, disbursed on July 24, 2017. The bond accrues interest of 3.679%, with monthly payments. As a result of this issue, the Company canceled its outstanding bank loan at that date, the related derivative contracts, and part of its subordinated debt with related parties.

The issue contract stipulates early repayment in the event of failure to comply with a minimum Debt Service Coverage Ratio (DSCR) of 1.05x.

Distributions out of the Restricted Account up to the limit of the balance, with a charge to the corresponding Relevant Distribution Period, are subject to compliance with the following terms and conditions:

- That the ratio Compliance Certificate for the Relevant Distribution Period has been submitted;
- That the Debt Service Coverage Ratio (DSCR) and Projected DSCR, backed by the ratio compliance certificate for the relevant distribution period against which payment is made, is at least 1.20x, and that the bond life coverage ratio is at least 1.25x;
- That the minimum balances for the Debt Service Reserve Account, the Operating Account, and the Capex Account are allocated;
- That there are no outstanding amounts payable related to any early repayments;
- That there has not occurred, or is likely to occur, a circumstance triggering early repayment.

The Company complied with the debt service coverage ratios at June 30, 2022.

Planta Solar Puertollano 6, S.A.

On July 7, 2011, the Company signed a 20,000 thousand euro loan with Bankinter to finance the acquisition of a photovoltaic solar plant. The loan accrues interest at the six-month Euribor rate plus 3.25%, with half-yearly installments. The contract stipulates early repayment in the case of non-compliance with certain financial ratios (Debt Service Coverage Ratio, of at least than 1.5x; equity/borrowings ratio, of at least 30/70, and equity/senior debt ratio, of at least 40/60), or other commitments.

On February 28, 2017, the Company issued a 20-year project bond for a nominal amount of 45,100 thousand euros. The bond accrues interest of 3.75%, with monthly payments. As a result of this issue, the Company canceled its outstanding bank loan at that date, the related derivative contracts, and part of its subordinated debt with related parties.

The issue contract stipulates early repayment in the event of failure to comply with a minimum Debt Service Coverage Ratio of 1.20x.

Distributions out of the Restricted Account up to the limit of the balance, with a charge to the corresponding Relevant Distribution Period, are subject to compliance with the following terms and conditions:

- That the ratio Compliance Certificate for the relevant distribution period has been submitted and reviewed by an auditor.
- That the Debt Service Coverage Ratio, backed by the ratio compliance certificate for the

relevant distribution period against which payment is made, is at least 1.20x;

- That the Debt Service Reserve Account and the Capex Account are fully allocated;
- That there are no outstanding amounts payable related to any early repayments; and
- That there has not occurred, or is likely to occur, a circumstance triggering early repayment.

The Company complied with the debt service coverage ratios at June 30, 2022.

Solaria Casiopea, S.A.:

On July 24, 2017, the Company issued a 22.8-year project bond for a nominal amount of 9,200 thousand euros, disbursed on December 22, 2017. The bond accrues interest of 4.15%, with monthly payments. As a result of this issue, the Company canceled its outstanding bank borrowings and part of its subordinated debt with related parties.

The issue contract stipulates early repayment in the event of failure to comply with a minimum Debt Service Coverage Ratio (DSCR) of 1.05x.

Distributions out of the Restricted Account up to the limit of the balance, with a charge to the corresponding Relevant Distribution Period, are subject to compliance with the following terms and conditions:

- That the ratio Compliance Certificate for the Relevant Distribution Period has been submitted;
- That the Debt Service Coverage Ratio is at least 1.20x;
- That the minimum balances of the Debt Service Reserve Account, the Main Account, and the Capex Account are allocated;
- That there are no outstanding amounts payable related to any early repayments;
- That there has not occurred, or is likely to occur, a circumstance triggering early repayment.
- That the merger has been completed.

The Company complied with the debt service coverage ratios at June 30, 2022.

Bank borrowings

Natelu, S.A. and Yarnel, S.A.:

On September 12, 2017, the Group completed two financing transactions with Corporación Interamericana de Inversiones (CII), a member of the Inter-American Development Group (IDB), to build, operate, and maintain two PV solar energy plants in Uruguay (Natelu and Yarnel).

The total amount of this financing transaction was 25 million US dollars. The Natelu solar plant includes a senior CII loan for 6.1 million dollars and a joint loan for 6.1 million dollars from the Canadian Climate Fund for the Americas (C2F), a 250 million US dollar fund that co-finances private sector climate projects in Latin America. The Yarnel plant received 6.4 million US dollars of capital from CII and 6.4 million US dollars from C2F. The financing package has a term of 18 years.

Solaria Lyra, S.r.l.:

On February 14, 2019, the Group refinanced its project portfolio in Italy with the project finance arranged with Banco Santander for 52,172 thousand euros, with a term of 11.2 years, thereby canceling the loans described previously with Sardegna Agrienergia Uno, S.r.l and Serre UTA 1, Societá Agricola, S.r.l. The financing accrues interest at the 3-month Euribor rate + 2.50%, with quarterly repayments, including an interest rate swap. As a result of this issue, the Company canceled its outstanding bank loans at that date, the related derivative contracts, and part of its subordinated debt with related parties.

The issue contract stipulates early repayment in the event of failure to comply with a minimum Debt Service Coverage Ratio (DSCR) of 1.05x.

Distributions out of the Restricted Account up to the limit of the balance, with a charge to the corresponding Relevant Distribution Period, are subject to compliance with the following terms and conditions:

- That the ratio Compliance Certificate for the Relevant Distribution Period has been submitted;
- That the Debt Service Coverage Ratio and Projected DSCR, backed by the ratio compliance certification for the relevant distribution period against which payment is made, is at least 1.20x;
- That there are no outstanding balances payable related to financing of the Debt Service Reserve Account.
- That the Maintenance Account is allocated for the required amount.
- That no events have occurred triggering early redemption.

The Company complied with the debt service coverage ratios at June 30, 2022.

<u>CFV Triangulum Australe, S.L.</u>

On July 18, 2019, the Company financed the promotion, construction, and development of eight projects in Spain through a 15-year project finance arrangement with Natixis S.A. for 132,570 thousand euros. The financing accrues interest at the 6-month Euribor rate + 2%, with half-yearly payments, including an interest rate swap.

The issue contract stipulates early repayment in the event of failure to comply with a minimum Debt Service Coverage Ratio (DSCR) of 1.05x.

Distributions out of the Restricted Account up to the limit of the balance, with a charge to the corresponding Relevant Distribution Period, are subject to compliance with the following terms and conditions:

- That the ratio Compliance Certificate for the Relevant Distribution Period has been submitted;
- That the Historical Debt Service Coverage Ratio and the Projected Debt Service Coverage Ratio, backed by the ratio compliance certificate for the relevant distribution period against which payment is made, is at least 1.10x;
- That the debt-to-equity ratio is no greater than 75%;
- That the Maintenance Account and the Debt Service Reserve Account are allocated for the required amount; and.
- That no events have occurred triggering early redemption.

The Company complied with the debt service coverage ratios at June 30, 2022.

<u>Vía Láctea Fotovoltaica, S.L.</u>

On November 12, 2019, the Company financed the promotion, construction, and development of four projects in Spain through a 16-year project finance arrangement with Banco de Sabadell, S.A. for 57 thousand euros. The financing accrues interest at the 6-month Euribor rate + 2.15%, with half-yearly payments, including an interest rate swap.

The issue contract stipulates early repayment in the event of failure to comply with a minimum Debt Service Coverage Ratio (DSCR) of 1.05x.

Distributions out of the Restricted Account up to the limit of the balance, with a charge to the corresponding Relevant Distribution Period, are subject to compliance with the following terms and conditions:

- That the ratio Compliance Certificate for the Relevant Distribution Period has been submitted;
- That the Historical Debt Service Coverage Ratio and the Projected Debt Service Coverage Ratio, backed by the ratio compliance certificate for the relevant distribution period against which payment is made, is at least 1.20x;
- That no events have occurred triggering early redemption.

The Company complied with the debt service coverage ratios at June 30, 2022.

Andrómeda Fotovoltaica, S.L.

On January 1, 2020, Andrómeda Fotovoltaica, S.L. financed the promotion, construction, and development of three projects in Spain through a 15-year project finance arranged with BayernLB for 132,570 thousand euros.

The contract stipulates early repayment in the event of failure to comply with a minimum Debt Service Coverage Ratio (DSCR) of 1.05x.

The Company complied with the debt service coverage ratios at June 30, 2022.

Corona Borealis Fotovoltaica, S.L.

On March 25, 2021, Corona Borealis Fotovoltaica, S.L. financed the promotion, construction, and development of seven projects in Spain through a 10-year Project finance arrangement with bank Natixis, S.A. for 115,489 thousand euros.

The contract stipulates early repayment in the event of failure to comply with a minimum Debt Service Coverage Ratio (DSCR) of 1.05x.

The Company complied with the debt service coverage ratios at June 30, 2022.

Prodigy Orbit, LDA.

On August 9, 2021, Prodigy Orbit LDA financed the research, design, implementation, development and maintenance of four plants in Portugal through a bond arranged with La Banque Postale, S.A. for 21,800 thousand euros maturing December 31, 2032.

Distributions out of the Restricted Account up to the limit of the balance, with a charge to the corresponding Relevant Distribution Period, are subject to compliance with the following terms and conditions:

- The Borrower undertakes to maintain an average DSCR equal to or greater than 1.05x throughout the term of the Agreement;

- Distributions permitted include any distributions made within 30 days of each calculation date via transfer to the distributions account) provided that all of the following conditions are met:

  (i) that first payment of the Scheduled Repayment of Senior Bonds and VAT bonds has been made;

  (ii) that all solar plants have reached their end date;

  (iii) that the average DSCR of the preceding calculation is at least 1.10x;

  (iv) that no amounts under the DSRF are outstanding;

  (v) that the maintenance reserve account is fully funded with the required maintenance amount;

  (vi) that the distribution did not trigger and has yet to trigger any potential default event or default event;

  (vii) that no capital transfers have been carried out in the last 12 months in accordance with Clause 28;

  (viii) that the financial statements for the most recent calculation period have been delivered, together with the required financing information; and

  (ix) that the Compliance Certificate has been delivered to the agent.

Prodigy Orbit, LDA had no obligation to comply with the debt service coverage ratios at June 30, 2022.

Kraken Solar, S.L.U.

On December 30, 2021, Kraken Solar, S.L.U. financed the promotion, construction, and development of three projects through a Credit Facility Agreement with Banco de Sabadell for 87,940 thousand euros. The interest accrued on the facility is the sum of two applicable interest rates: the margin earmarked for each period and the EURIBOR rate applicable for the related interest period. Interest is settled on a half-yearly basis.

Distributions out of the Restricted Account up to the limit of the balance, with a charge to the corresponding Relevant Distribution Period, are subject to compliance with the following terms and conditions:

- That at least the first payment on principal has been made;
- That the proposed distribution has not triggered or may not trigger any predetermined default value;
- That the Compliance Certificate for the period immediately preceding the proposed

distribution indicates that:

(i) The DCSR is equal to or greater than 1.10x; and

(ii) The projected DCSR is greater than 1.10x

- That there are no outstanding amounts under the framework of the DSR mechanism.

Kraken Solar, S.L.U. had no obligation to comply with the debt service coverage ratios at June 30, 2022.

Adhara Solar, S.L.

On June 30, 2022 the Company signed a financing agreement with ABN AMRO, COMMERZBANK and the European Investment Bank (EIB) for the long-term financing of 736MW. The financing arrangement is project finance for 371.9 million euros.

11. Trade and other payables

The breakdown of this item at June 30, 2022, and December 31, 2021, is as follows:

(Thousands of euros)	06/30/2022	12/31/2021
Suppliers and other payables	104,688	83,907
Personnel (salaries payable)	-	2,522
Advances from customers	-	7
	104,688	**86,436**

12. Tax matters

The breakdown of balances related to tax assets and tax liabilities at June 30, 2022 and December 31, 2021 is as follows:

(Thousands of euros)	06/30/2022	12/31/2021
Deferred tax assets	66,894	69,466
Other receivables from public authorities	3,470	-
Value added tax	3,470	-
	70,364	**69,466**
Current tax liabilities	4,324	2,577
Other payables to public authorities	**1,628**	**464**
Personal income tax withholdings	184	346
Social Security payable	174	118
VAT	1,270	-
	5,952	**3,041**

Income tax expense at June 30, 2022, amounted to 4,389 thousand euros (2021: 2,089 thousand euros).

13. Revenue and expenses

13.1. Revenue

Revenue for the six months ended June 30, 2022 amounted to 68,115 thousand euros (2021: 42,967 thousand euros) and related primarily to revenue from electricity sales, mostly in Spain.

13.2. Operating expenses

Total operating expenses in the six months ended June 30, 2022 amounted to 2,500 thousand euros (2021: 3,812 thousand euros) and related primarily to operating expenses from plant operation.

13.3. Net finance income/(expense)

The breakdown of net finance income/(expense) in the six months ended June 30, 2022, and December 31, 2021, is as follows:

(Thousands of euros)	06/30/2022	06/30/2021
Finance income	170	260
Finance costs	(8,863)	(7,855)
	(8,693)	**(7,595)**

14. Related parties

The related parties with which the Group carried out transactions in the first half of 2022 and in 2021 and the nature of the relationship are as follows:

	Nature of the relationship
DTL Corporación, S,L,	Direct parent

There are no amounts receivable from or payable to Solaria Group companies at June 30, 2022, and December 31, 2021.

Balances from related party transactions are as follows:

(Thousands of euros)	Direct parent
06/30/2022	
Leases	(241)
TOTAL	**(241)**

(Thousands of euros)	Direct parent
06/30/2021	
Leases	(220)
TOTAL	**(220)**

All related party transactions were carried out at arm's length.

15. Events after the reporting period

On July 11, 2022, the Company received 45.5 million on the financing agreement signed on June 30, 2022, for 736 MW.

Solaria

Consolidated Management Report

June 30, 2022

Contents

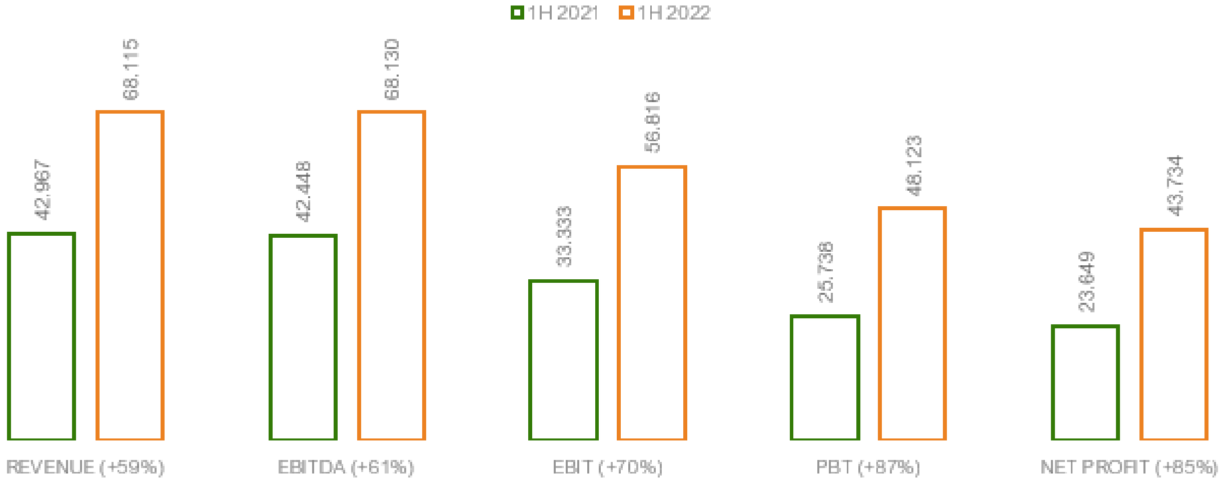
1. Solaria Group

Solaria Energía y Medio Ambiente, S.A. and subsidiaries' core business is the development and generation of solar photovoltaic (PV) power, mostly in southern Europe.

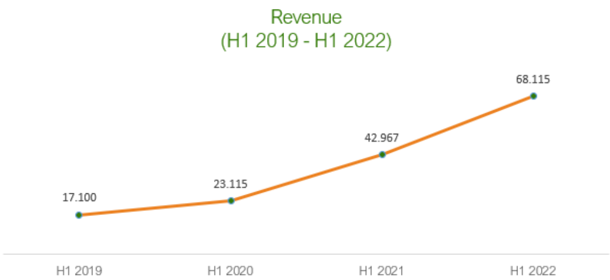
Solaria's **mission** is to promote the development of the use of sunlight as an energy source by transforming knowledge and experience into innovative solutions that contribute to the well-being and progress of humanity, promoting sustainable economic development and reducing environmental impact, positioning ourselves as leaders through our experience, transparency, flexibility, profitability and quality.

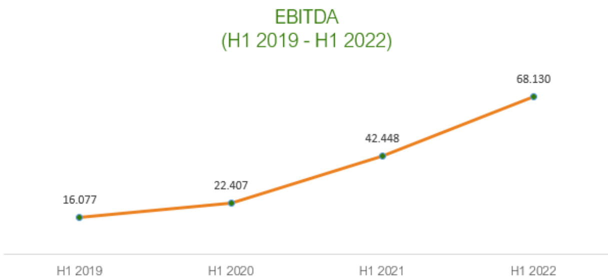
2. Key financial indicators - 2022

Solaria Group reported revenue of 68,115 thousand euros (+59%), EBITDA of 68,130 thousand euros (+61%), EBIT of 56,816 thousand euros (+70%), profit before tax of 48,123 thousand euros (+87%) and profit after tax of 43,734 thousand euros (+85%) for the first six months of 2022.



Increases in the key income statement items were driven by execution of the Group's business plan, which calls for growth in energy output thanks to the new plants brought on stream at the end of 2021 and early 2022. This, coupled with cost streamlining, has resulted in a steady and rapid improvement in the Group's earnings in tandem with its growth in recent years.





3. Key highlights - 2022

Financing

On June 30, 2022, Solaria announced that it had entered into an agreement with ABN AMRO, Commerzbank and the European Investment Bank (EIB) for the long-term financing of 736MW of PV solar plants in Spain.

The financing arrangement is project finance for 371.9 million euros. This is Solaria's largest ever financing agreement.

The energy fed into the grid by the 736 MW of PV plants will be 100% renewable, absorbing the emission of 340,000 tons of CO_2 into the atmosphere annually. The plants will generate enough to supply 416,000 Spanish homes per year.

Office opened in Rome

On February 17, 2022, Solaria opened an office in Rome, thereby continuing its international expansion and contributing to the achievement of the strategic plan objectives; i.e. to reach 3GW in Italy by 2030.

Solaria has had PV plants in Italy since 2010, but is taking a step further there by opening this new office in Rome's financial district. The opening is a testament to Solaria's commitment to the Italian market which, together with Spain and Portugal, is one of its core markets.

The Company will have 10 of its employees in Italy working in the new office and gradually expand the team over the coming months.

4. Financial information

4.1. Consolidated income statement

The consolidated income statement for the first six months of 2022 and 2021 is as follows:

Thousands of euros (€K)	1H 2022	1H 2021	Absolute change	Relative change
Revenue	68,115	42,967	25,148	59%
Other income	7,325	6,531	794	12%
TOTAL REVENUE	75,440	49,498	25,942	52%
Personnel expenses	(4,810)	(3,238)	1,572	49%
Operating expenses	(2,500)	(3,812)	1,312	(34%)
EBITDA	68,130	42,448	25,682	61%
EBITDA/revenue	100%	99%		
Amortization and depreciation	(11,314)	(9,115)	2,199	24%
EBIT	56,816	33,333	23,483	70%
EBIT/revenue	83%	78%		
Net finance expense	(8,693)	(7,595)	1,098	14%
Profit after tax	48,123	25.738	22,385	87%
Income tax expense	(4,389)	(2,089)	2,300	110%
NET PROFIT	43,734	23,649	20,085	85%
Net profit/revenue	64%	55%		

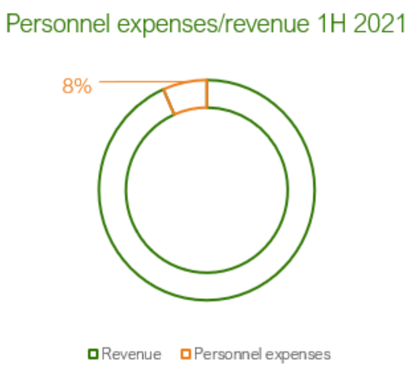
Revenue

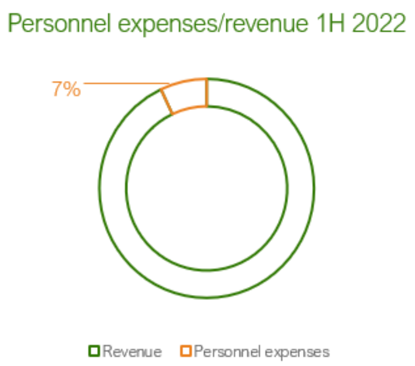
The Group reported **revenue** of 68,115 thousand euros in the first six months of 2022, up 59% (or 25,148 thousand euros) year-on-year. Growth was underpinned by the increase in output thanks to the connection of the new PV plants in 2022 and at the end of 2021, as set out in the Group's business plan.

Personnel expenses

The growth in **personnel expenses** (+49% year-on-year) was the result of the higher average number of employees at the Group compared to the first quarter last year. New staff was required to undertake the Group's ongoing expansion process.

However, personnel expenses as a percentage of revenue were lower than in 1H 2021, due to higher revenue and in line with the Group's cost-streamlining policy, as illustrated in the following charts:

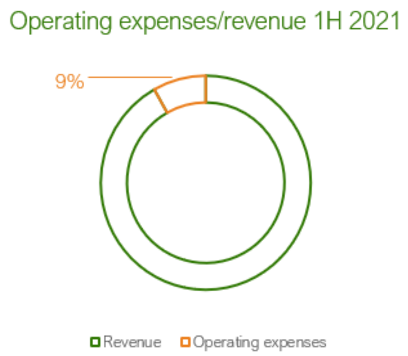


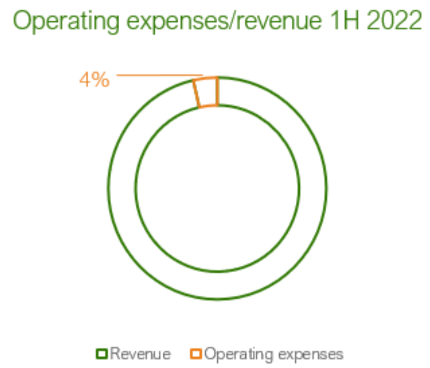


Operating expenses

The decrease in **operating expenses** was due primarily to the costs accrued for the 7% tax on the generation of electricity, which was repealed in July 2021.

The following chart shows operating expenses as a percentage of revenue in 1H 2022 and 2021:





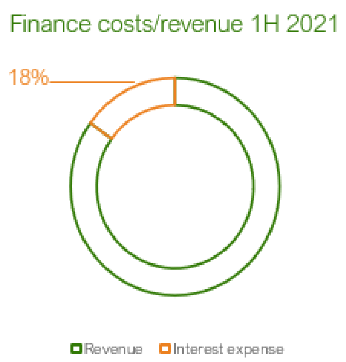
Amortization and depreciation

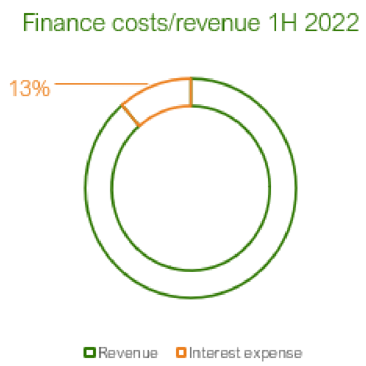
The increase in **amortization and depreciation** was due to the depreciation charges recognized for the new plants commissioned by the Group.

Net finance expense

Net finance expense increased in the first three months of 2022 due to the recognition of finance costs related to the transactions carried out to finance new plants whose accrual had yet to start in the first quarter last year.

The charts below show the changes in third-party finance costs as a percentage of revenue from 18% in 1H 2021 to 13% in 1H 2022.





Conclusion

Overall, the Group is on track to deliver its business plan, which will mean higher revenue and its cost-streamlining policy. As a result, it continues to register excellent performances in its key financial indicators.

4.2. Consolidated balance sheet

The Group's consolidated balance sheet as at June 30, 2022 and December 31, 2021 is as follows:

Thousands of euros (€K)	06/30/22	12/31/22	Absolute change	Relative change
Non-current assets	1,000,890	854,468	146,422	17%
Intangible assets	115,046	112,221	2,825	3%
Property, plant and equipment	816,714	671,303	145,411	22%
Deferred tax assets	66,894	69,466	(2,572)	(4%)
Other non-current financial assets	2,236	1,478	758	51%
Current assets	171,074	188,284	(17,210)	(9%)
Trade and other receivables	51,850	34,716	17,134	49%
Other current financial assets	728	717	11	2%
Cash and cash equivalents	118,496	152,851	(34,355)	(22%)
TOTAL ASSETS	1,171,964	1,042,752	129,212	12%

Thousands of euros (€K)	06/30/22	12/31/22	Absolute change	Relative change
Equity	300,046	247,355	52,691	21%
Capital and share premium	310,926	310,926	-	-
Other reserves	5,311	5,311	-	-
Non-controlling interests	1,440	-	1,440	100%
Retained earnings	7,893	(35,841)	43,734	122%
Valuation adjustments	(25,524)	(33,041)	(7,517)	(23%)
Non-current liabilities	680,203	621,752	58,451	9%
Long-term bonds and debentures	129,435	122,100	7,335	6%
Financial liabilities arising from bank borrowings	410,002	355,958	54,044	15%
Finance lease payables	108,980	106,151	2,829	3%
Derivative financial instruments	31,786	37,543	(5,757)	(15%)
Current liabilities	191,715	173,645	18,070	10%
Short-term bonds and debentures	50,374	54,502	(4,128)	(8%)
Financial liabilities arising from bank borrowings	25,169	23,629	1,540	7%
Finance lease payables	4,519	4,681	(162)	(3%)
Derivative financial instruments	-	575	(575)	(100%)
Trade and other payables	111,653	90,258	21,395	24%
TOTAL EQUITY AND LIABILITIES	1,171,964	1,042,752	129,212	12%

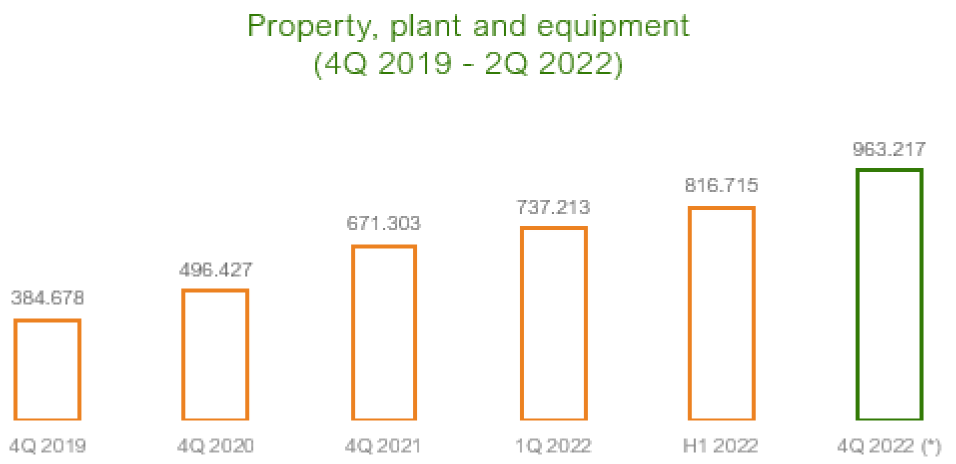
Intangible assets

The increase in **intangible assets** is the result of additions of new leases recognized as surface rights or right-of-use assets in accordance with IFRS 16. These entail leases of the land where the Group's new PV plants are located.

Property, plant and equipment

The Group incurred costs for property, plant and equipment in the first six months of 2022 of 153,596 thousand euros for the new plants currently being built and the purchase of land by Group company Generia Land, S.L. This increase was in line with the targets disclosed.

The following chart sets out the trend in property, plant and equipment (net of depreciation) since 2019. Assuming capex at a constant rate and extrapolating the depreciation rate of 1H 2022 give a figure for property, plant and equipment at year-end 2022 of 963 million euros:

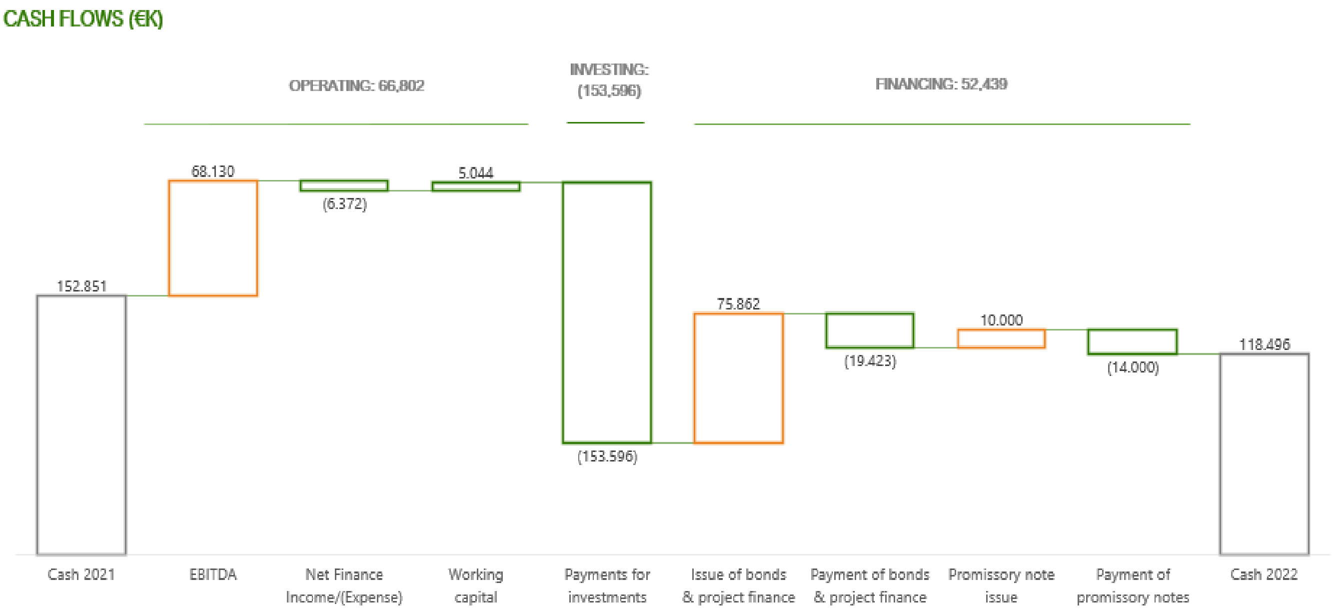


(*) Extrapolated 4Q 2022 figures:

1H property, plant and equipment + (capex 1H) – (depreciation excluding IFRS16 1H) → 816,715 + (3) – 3) = 963,217

Cash

Changes in the statement of cash flows for the six months ended June 30, 2022, are as follows:



Interest-bearing loans and borrowings

The change in the composition of interest-bearing loans and borrowings in the first six months of 2022 was the result of:

- The increase in bank borrowings following new drawdowns from project debt made in the first six months of 2022 as construction of new solar PV parks proceeded. The financing arrangements included in this item are non-recourse debt.
- The change in finance leases related to the execution in a public deed of the new leases for the land where the new plants are located, accounted for in accordance with IFRS 16.
- The decrease in short-term bonds and other marketable securities as a result of the net payment of 4 million euros of promissory notes under the Group's note program registered in the MARF.

Conclusion

The Group continues to enjoy a sound balance sheet structure. Each project can meet its operating and finance cost obligations and generate surplus cash, enabling the Group to undertake new investments without the need to use previous cash.

Moreover, capex is on the rise in line with the development of new plants according to the business plan and the Group's stated objectives.

Finally, at June 30, 2022, the Group had negative working capital of 20,641 thousand euros. As described in Note 3, this was due to a one-off situation involving the financing of 736 MW closed on June 30, 2022, for which 45.5 million euros was paid on July 11, 2022. Moreover, the Group can meet its current liabilities with undrawn available financing facilities.

5. Sustainability

Solaria is a leader in PV solar generation which aims to contribute actively to the fight against climate change, the sustainable development of society, and the achievement of the Sustainable Development Goals of the United Nations and the 2030 Agenda for Sustainable Development through ethical conduct, transparency and sound business practices.

The following table summarizes the key environment, social and good corporate governance (ESG) metrics and developments.

ENVIRONMENT

	1H 2022	1H 2021	Observations
CO2 emissions – Scope 1 (Tn CO2)	140.50	118.37	
CO2 emissions – Scope 2 (Tn CO2) – Market based	1.01	26.29	The decrease was due to the change in electricity consumption for renewable sources
CO2 emissions – Scope 3 (Tn CO2)	25.96	15.85	
CO2 emissions generated (Tn CO2)	0.26	0.37	-30%
Energy generation (GWh)	641,7	430	+ 50%
Environmental penalties	0	0	
Electricity consumption (offices and solar plants) (kWh)	2,321,736	1,284,384	
Of which: renewable	92.07%	87.44%	+ 6%
Water consumed at offices (m3)	210	191.28	The increase was driven by the growth in headcount and installations
% electric / hybrid / ECO vehicles	30%	18%	

SOCIAL

	1H 2022	1H 2021	Observations
Total no. of employees	149	130	+15%
Management team	10	8	
Middle managers	19	19	
Technicians	120	97	
Interns/trainees	1	6	
Total no. of women	33	31	One woman joined the Management Team.
Management team	1	0	
Middle managers	7	7	
Technicians	25	20	
Interns/trainees	1	4	
Total no. of men	116	99	
Management team	9	8	
Middle managers	13	12	
Technicians	94	77	
Interns/trainees	0	2	
New hires	40	36	Due to Solaria's growth and expansion.
No. of employees with a disability	1	2	
No. of employees with permanent contract	144	121	97% of staff
Average age of the workforce	41	38	
Average length of service	2.9	3.2	
Average remuneration	€56,518	€45,057	
Employee turnover rate	19.27%	13.56%	
Total no. of internal training hours	855	842	
Reports received through the compliance channel	0	0	
Disciplinary actions	0	0	

HEALTH & SAFETY

	1H 2022	1H 2021	Observations
Frequency rate	*6.50*	*26.25*	
Direct	0	0	
Indirect	6.50	26.25	
Accident rate	93.34	303.13	
Direct	0	0	
Indirect	93.34	303.13	*The decrease was the result of Solaria's efforts to achieve 0 accidents*
Injury rate	0.10	0.45	
Direct	0	0	
Indirect	0.10	0.45	

6. Strategy and outlook

The geopolitical situation that unfolded in the first half of the year pushed renewables to the center of debate. Without a doubt, these energies, especially photovoltaic solar energy, constitute a strategic resource for both Spain and the European Union, even more so in the future if we are to steer away from our dependence on external and pollutant resources and preserve the energy security of European countries. Renewable energies will likewise play a pivotal role in achieving the European Union's energy and climate targets.

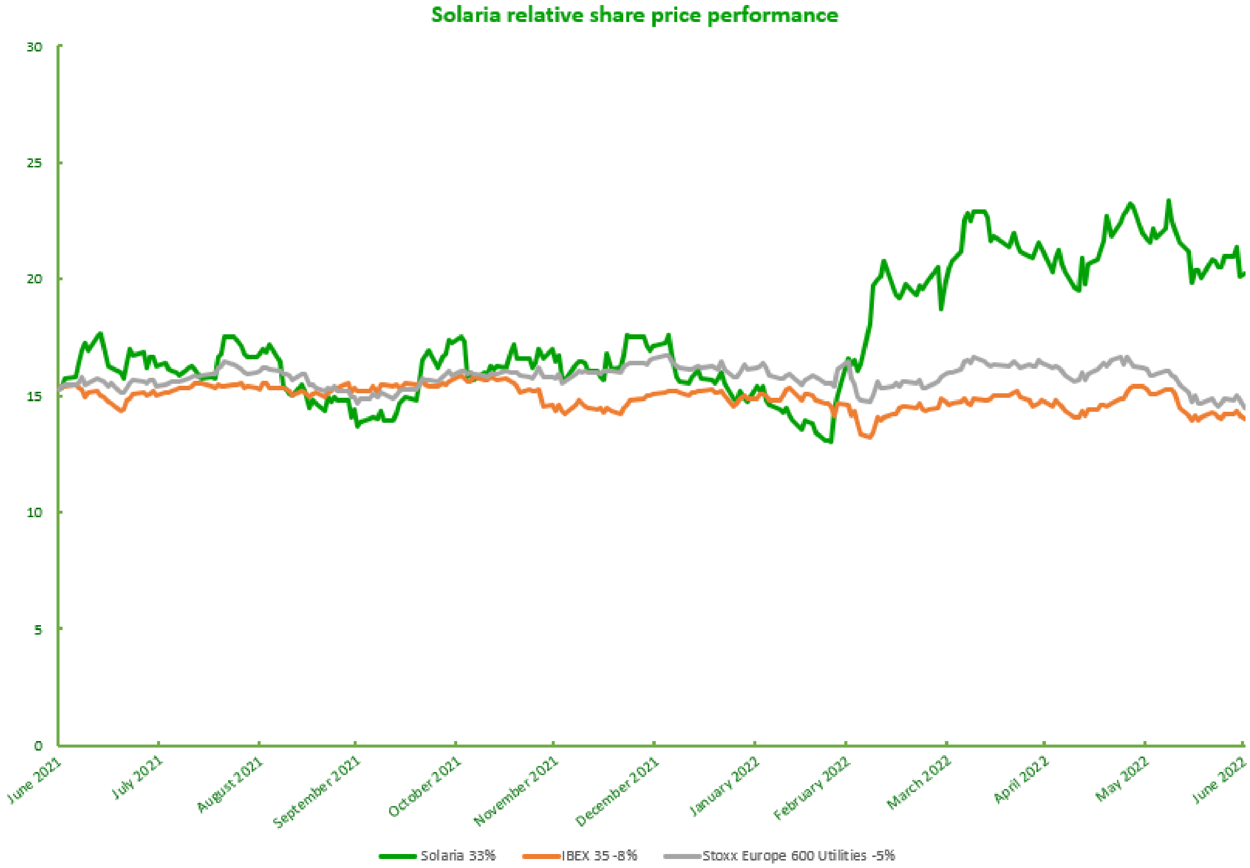
Today we can affirm that Europe's energy future will be renewable. This is particularly true for Spain. Our unique climate makes us a leader in the tourism industry. We must seize this opportunity to capitalize on our exceptional climate so that we can lead the way in generating clean and, above all, cheap energy, which will be crucial to the development of both industry and the economy.

Against this backdrop, as one of the three main solar energy players in Europe, with 1 GW in operation, Solaria's role will be decisive. Since its foundation in 2002, Solaria has had a clear goal: to actively contribute to decarbonization and ensure that the global energy model is based on clean energies. The current situation confirms that our strategy is on the right track.

As part of its growth plan, Solaria already has 2 GW in operation and under construction. In addition, our project portfolio of 12 GW enables us to be optimistic about achieving our target of 18 GW by 2030. In Italy, the group already boasts a 2GW pipeline and in Germany, we have made significant strides towards recruiting the necessary personnel.

These advancements reaped excellent results in the first half of the year, and have spawned an increase in key financial indicators. These figures, together with the positive outlook for the second half of the year, will enable Solaria to accomplish its 2030 roadmap.

7. Share price performance



8. Relevant information disclosed in the period

Relevant information published by the Group parent in 2022 is available by clicking on the following link:

https://www.cnmv.es/Portal/Otra-Informacion-Relevante/Resultado-OIR.aspx?nif=A83511501

9. Disclaimer

This report has been prepared by Solaria Energía y Medio Ambiente, S.A. for information purposes only. It includes forward-looking statements regarding operations and the Group's strategies.

The report does not constitute an invitation to purchase shares in accordance with the Spanish Securities Market Act approved by Legislative Royal Decree 4/2015 of October 23.

The information detailed in this document has not been independently verified.

Solaria

APPENDIX I - APM

Item	Calculation	Reconciliation (€K) H1 2022	H1 2021	Relevance of use
Other income	Other income + Self-constructed assets	3,492 + 3,833 = 7,325	3,593 + 2,938 = 6,531	Measure of contribution by items other than energy sales
Working capital	Current assets – Current liabilities	171,065 – 192.17 = (21,106)	188,284– 173,645 = 14,639(*)	Measure of ability to continue with normal business operations in the short term.
EBITDA	Revenue + Other income + Self-constructed assets - Personnel expenses - Other operating expenses	68,115 + 3,492 + 3,833 - – 4,810 – 2,500 = 68,130	42,967 + 3,593 + 2,938 – - 3,238 – 3,812 = 42,448	Measure of operating profitability without considering interest, taxes, provisions, depreciation and amortization.
EBIT	EBITDA - Amortization and depreciation, and impairment losses	68,130 – 11,314 = 56,816	42,448 – 9,115 = 33,333	Measure of operating profitability without considering interest and taxes.
Profit after tax	EBIT ± Net finance income/(expense)	56,816 – 8,693 = 48,123	33,333 – 7,595 = 25,738	Measure of operating profitability without considering taxes.
Net finance income/(expense)	Finance income - Finance costs ± Exchange differences			Measure of finance cost.
EBITDA/revenue	$\frac{\text{Revenue} + \text{Other income} + \text{Self} - \text{constructed assets} - \text{Personnel expenses} - \text{Other operating expenses}}{\text{Revenue}}$	$\frac{68{,}130}{68{,}115} = 100\%$	$\frac{42{,}448}{42{,}967} = 99\%$	Measure of operating profitability considering direct variable generation costs
EBIT/revenue	$\frac{\text{Revenue} + \text{Other income} + \text{Self} - \text{constructed assets} - \text{Personnel expenses} - \text{Other operating expenses} - \text{Amortization and depreciation} - \text{Impairment losses}}{\text{Revenue}}$	$\frac{56{,}816}{68{,}115} = 83\%$	$\frac{33{,}333}{42{,}967} = 78\%$	Measure of operating profitability considering direct and indirect variable generation costs
Net profit/revenue	$\frac{\text{Revenue} + \text{Other income} + \text{Self} - \text{constructed assets} - \text{Personnel expenses} - \text{Other operating expenses} - \text{Amortization and depreciation} - \text{Impairment losses} + \text{Finance income} - \text{Finance costs} \pm \text{Exchange differences} \pm \text{Income tax}}{\text{Revenue}}$	$\frac{43{,}734}{68{,}115} = 64\%$	$\frac{23{,}649}{42{,}967} = 55\%$	Measure of operating profitability considering direct and indirect variable generation costs, finance costs and taxes
Personnel expenses/revenue	$\frac{\text{Personnel expenses}}{\text{Revenue}}$	$\frac{4{,}810}{68{,}115} = 7\%$	$\frac{3{,}238}{42{,}967} = 8\%$	Measure of the relationship between personnel expenses and revenue from energy sales.
Operating expenses/revenue	$\frac{\text{Operating expenses}}{\text{Revenue}}$	$\frac{2{,}500}{68{,}115} = 4\%$	$\frac{3{,}812}{42{,}967} = 9\%$	Measure of the relationship between direct variable generation costs and revenue from energy sales.
Finance costs/revenue	$\frac{\text{Finance costs}}{\text{Revenue}}$	$\frac{8{,}693}{68{,}115} = 13\%$	$\frac{7{,}595}{42{,}967} = 18\%$	Measure of the relationship between project finance costs and project revenue from energy sales.

(*) Data as at December 31, 2021.