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

Interim Condensed Consolidated Financial Statements
for the six months ended June 30, 2023

Solaria

SOLARIA ENERGÍA Y MEDIO AMBIENTE, S.A. and Subsidiaries
Consolidated statement of financial position as at June 30, 2023 (Thousands of euros)

ASSETS	Notes	06/30/2023	12/31/2022
NON-CURRENT ASSETS		**1,398,702**	**1,226,276**
Intangible assets	**4**	**180**	**165**
Surface rights	**6**	**109,580**	**103,805**
Property, plant and equipment	**5**	**1,146,883**	**973,557**
Non-current financial assets		**74,196**	**68,643**
Deferred tax assets	**12**	**67,863**	**80,106**
CURRENT ASSETS		**139,235**	**200,682**
Trade and other receivables		**66,445**	**49,155**
Trade receivables	7	60,554	40,670
Other receivables	7	-	183
Other receivables from public authorities	12	5,891	8,302
Current financial assets		**654**	**110**
Prepayments for current assets		**908**	**760**
Cash and cash equivalents	**8**	**71,228**	**150,657**
TOTAL ASSETS		**1,537,937**	**1,426,958**

SOLARIA ENERGÍA Y MEDIO AMBIENTE, S.A. and Subsidiaries
Consolidated statement of financial position as at June 30, 2023 (Thousands of euros)

EQUITY AND LIABILITIES	Notes	06/30/2023	12/31/2022
EQUITY		**422,111**	**344,728**
CAPITAL AND RESERVES		**421,963**	**371,885**
Share capital	**9**	**1,250**	**1,250**
Share premium	**9**	**309,676**	**309,676**
Reserves	**9**	**59,519**	**45,359**
Legal and by-law reserves		5,311	5,311
Voluntary reserves		54,208	40,048
Prior periods' losses		**-**	**(75,888)**
Non-controlling interests		**1,440**	**1,440**
Profit for the period		**50,078**	**90,048**
VALUATION ADJUSTMENTS		**148**	**(27,157)**
Hedging transactions	9	575	(26,744)
Translation differences		(427)	(413)
NON-CURRENT LIABILITIES		**948,933**	**897,010**
Non-current loans and borrowings		**933,325**	**880,779**
Bank borrowings	10	641,063	556,496
Bonds and other marketable securities	10	125,640	128,336
Finance lease payables		104,594	99,744
Derivatives		62,028	96,203
Deferred tax liabilities		**15,608**	**16,231**
CURRENT LIABILITIES		**166,893**	**185,220**
Current loans and borrowings		**100,202**	**96,975**
Bank borrowings	10	49,631	45,990
Bonds and other marketable securities	10	46,774	46,825
Finance lease payables		3,797	4,160
Trade and other payables		**66,691**	**88,245**
Suppliers and other payables	11	56,648	81,886
Personnel (salaries payable)	11	-	2,678
Current tax liabilities	12	9,616	3,021
Other payables to public authorities	12	427	660
TOTAL EQUITY AND LIABILITIES		**1,537,937**	**1,426,958**

SOLARIA ENERGÍA Y MEDIO AMBIENTE, S.A. and Subsidiaries
Consolidated income statement for the six months ended June 30, 2023 (Thousands of euros)

	Notes	06/30/2023	06/30/2022
CONTINUING OPERATIONS			
Revenue	13.1	84,555	68,115
Other income		9,503	3,492
Self-constructed assets		5,500	3,833
Personnel expenses		(6,902)	(4,810)
Other operating expenses	13.2	(3,699)	(2,500)
Amortization and depreciation	4, 5 and 6	(15,704)	(11,314)
OPERATING PROFIT		**73,253**	**56,816**
Finance income	13.3	986	170
Finance costs	13.3	(15,508)	(8,863)
NET FINANCE INCOME/(EXPENSE)		**(14,522)**	**(8,693)**
CONSOLIDATED PROFIT BEFORE TAX		**58,731**	**48,123**
Income tax expense	12	(8,653)	(4,389)
CONSOLIDATED PROFIT – CONTINUING OPERATIONS		**50,078**	**43,734**

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SOLARIA ENERGÍA Y MEDIO AMBIENTE, S.A. and Subsidiaries
Consolidated statement of changes in equity for the six months ended June 30, 2023 (Thousands of euros)

A) INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	06/30/2023	06/30/2022
Profit for the period		**50,078**	**43,734**
Other comprehensive income			
Net gain/(loss) on cash flow hedges, net of tax	9	27,319	7,515
Exchange differences on translation of foreign operations		(14)	2
Other comprehensive income that may be reclassified to profit or loss in subsequent periods, net of tax		**27,305**	**7,517**
Total comprehensive income for the period, net of tax		**77,383**	**51,251**

B) INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Registered capital (Note 9)	Share premium (Note 9)	Legal reserve (Note 9)	Reserves and retained earnings (prior-year losses)	Non-controlling interests	Profit/(loss) for the period	Hedging transactions (Note 10)	Translation differences	TOTAL
BALANCE AT DECEMBER 31, 2021	1,250	309,676	5,311	(83,876)	-	48,036	(32,645)	(396)	247,355
Total comprehensive income	-	-	-	-	-	90,048	5,901	(17)	95,932
Distribution of profit/(loss)	-	-	-	48,036		(48,036)	-	-	-
Other changes	-	-	-	-	1,440	-	-	-	1,440
BALANCE AT DECEMBER 31, 2022	1,250	309,676	5,311	(35,840)	1,440	90,048	(26,744)	(413)	344,728
Total comprehensive income	-	-	-	-	-	50,078	27,319	(14)	77,383
Distribution of profit/(loss)	-	-	-	90,048	-	(90,048)	-	-	-
BALANCE AT JUNE 30, 2023	1,250	309,676	5,311	54,208	1,440	50,078	575	(427)	422,111

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SOLARIA ENERGÍA Y MEDIO AMBIENTE, S.A. and Subsidiaries
Consolidated statement of cash flows for the six months ended June 30, 2023 (Thousands of euros)

	06/30/2023	06/30/2022
Profit for the period before tax	**58,731**	**48,123**
Adjustments for	**30,226**	**20,007**
Depreciation and amortization	15,704	11,314
Finance income	(986)	(170)
Finance costs	15,508	8,863
Working capital changes	**(55,530)**	**5,044**
Trade and other receivables	(19,884)	(17,134)
Trade and other payables	(35,646)	22,178
Other cash flows from/(used in) operating activities	**(11,720)**	**(6,372)**
Interest paid	(11,720)	(6,372)
Net cash flows from operating activities	**21,707**	**66,802**
Investing activities		
Payments to acquire property, plant and equipment	(186,861)	(153,596)
Cash flows used in investing activities	**(186,861)**	**(153,596)**
Financing activities		
Issue of bonds and other marketable securities	54,200	19,870
Repayment and redemption of bonds and other marketable securities	(54,813)	(16,924)
Issue of bank borrowings	111,068	65,992
Redemption and repayment of bank borrowings	(24,730)	(16,499)
Net cash flows from financing activities	**85,725**	**52,439**
Net decrease in cash and cash equivalents	**(79,429)**	**(34,355)**
Cash and cash equivalents at January 1	**150,657**	**152,851**
Cash and cash equivalents at June 30	**71,228**	**118,496**

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. On April 28, 2008, its registered address changed to c/ Velázquez, 47 (Madrid) and on July 1, 2009 to c/ Princesa, 2 in Madrid.

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, 2023 and in 2022 entailed power generation and sales. Key highlights of the main regulatory framework affecting the various companies comprising the Group are described in the 2022 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 93 companies as at June 30, 2023 (December 31, 2022: 92).

The Solaria Group companies are predominantly engaged in the operation of photovoltaic (PV) solar plants in Spain and in other countries where the plants are located.

The Parent is controlled by DTL Corporación, S.L., based in Madrid, which is the Group's ultimate parent. DTL Corporación, S.L.'s 2022 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, 2023 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, 2023 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, 2022.

Solaria Group used the same accounting policies and methods in the first half of 2023 as in the 2022 annual financial statements.

2.2 Standards and interpretations approved by the European Union and applied for the 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 2022.

2.3. Going concern principle

The Group had negative working capital of 27,658 thousand euros as at June 30, 2023. 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.

2.4. Comparative information

For comparative purposes, the interim consolidated financial statements for the six months ended June 30, 2023, include the figures as at December 31, 2022, in the consolidated statement of financial position and the figures for the six months ended June 30, 2022, 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 in the future is largely hinged 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 spot rate prevailing 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 measured 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. The Group's subsidiaries are accounted for using the full consolidation method: all of their assets, liabilities, income, expenses and cash flows, duly adjusting for intra-group transactions, are included in the consolidated financial statements.

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, 2023 and December 31, 2022.
- 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 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, 2023, 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	
	06/30/2023	06/30/2022	06/30/2023	06/30/2022	06/30/2023	06/30/2022	06/30/2023	06/30/2022	06/30/2023	06/30/2022	06/30/2023	06/30/2022
Sales to external customers	74,245	61,264	4,925	4,761	1,721	1,458	3,424	248	240	384	84,555	68,115
Total revenue from external customers	**74,245**	**61,264**	**4,925**	**4,761**	**1,721**	**1,458**	**3,424**	**248**	**240**	**384**	**84,555**	**68,115**
Amortization and depreciation and impairments	(12,619)	(8,857)	(1,550)	(1,576)	(563)	(539)	(700)	(81)	(272)	(261)	(15,704)	(11,314)
Other segment income and expense	(1,221)	(4,875)	(761)	(738)	(204)	(249)	(313)	(64)	6,901	5,941	4,402	15
Operating profit/(loss)	**60,405**	**47,532**	**2,614**	**2,447**	**954**	**670**	**2,411**	**103**	**6,869**	**6,064**	**73,253**	**56,816**
Net finance income/(expense)	(12,065)	(7,417)	(835)	(798)	(597)	(571)	(254)	(79)	(771)	172	(14,522)	(8,693)
Profit/(loss) before tax from segments	**48,340**	**40,115**	**1,779**	**1,649**	**357**	**99**	**2,157**	**24**	**6,098**	**6,236**	**58,731**	**48,123**

Set out below are segment assets and liabilities as at June 30, 2023 and December 31, 2022:

(Thousands of euros)	Spain		Italy		Uruguay		Portugal and Greece		Corporate		Consolidated	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022	06/30/2023	12/31/2022	06/30/2023	12/31/2022	06/30/2023	12/31/2022	06/30/2023	12/31/2022
Segment assets	**1,230,246**	**1,079,287**	**46,936**	**46,636**	**26,190**	**27,524**	**42,745**	**47,064**	**48,199**	**77,301**	**1,394,316**	**1,277,812**
Non-current assets	1,133,442	952,591	36,485	36,329	24,177	25,191	40,799	41,437	21,740	21,814	1,256,643	1,077,362
Trade and other receivables	51,218	39,353	7,528	8,890	461	705	672	175	6,566	670	66,445	49,793
Cash and cash equivalents	45,586	87,343	2,923	1,417	1,552	1,628	1,274	5,452	19,893	54,817	71,228	150,657
Unallocated assets	-	-	-	-	-	-	-	-	**143,621**	**149,146**	**143,621**	**149,146**
Total assets	1,230,246	1,079,287	46,936	46,636	26,190	27,524	42,745	47,064	191,820	226,447	1,537,937	1,426,958

	Spain		Italy		Uruguay		Portugal and Greece		Corporate		Consolidated	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022	06/30/2023	12/31/2022	06/30/2023	12/31/2022	06/30/2023	12/31/2022	06/30/2023	12/31/2022
Bank borrowings and bonds and debentures	740,236	655,616	31,983	33,666	22,725	23,265	25,364	25,100	42,800	40,000	863,108	777,647
Finance lease liabilities (IFRS 16)	107,325	102,773	183	210	621	666	-	-	262	255	108,391	103,904
Derivatives	62,028	96,203	-	-	-	-	-	-	-	-	62,028	96,203
Trade and other payables	55,857	18,312	691	458	29	42	498	509	9,616	68,924	66,691	88,245
Unallocated liabilities	-	-	-	-	-	-	-	-	15,608	16,231	15,608	16,231
Total liabilities	**965,446**	**872,904**	**32,857**	**34,334**	**23,375**	**23,973**	**25,862**	**25,609**	**68,286**	**125,410**	**1,115,826**	**1,082,230**

4. Intangible assets

The movements in items composing "Intangible assets" as at June 30, 2023 and December 31, 2022 are as follows:

(Thousands of euros)	Opening balance	Additions and allowances	Closing balance
06/30/2023			
Cost			
Intellectual property	76	-	76
Computer software	129	25	154
	205		230
Accumulated amortization			
Intellectual property			
Computer software	(40)	(10)	(50)
	(40)		**(50)**
Carrying amount	**165**		**180**

(Thousands of euros)	Opening balance	Additions and allowances	Closing balance
2022			
Cost			
Intellectual property	76	-	76
Computer software – under development	112	17	129
	188		205
Accumulated amortization			
Computer software	(20)	(20)	(40)
	(20)		(40)
Carrying amount	**168**		**165**

5. Property, plant and equipment

The movements in items composing "Property, plant and equipment" as at June 30, 2023 and December 31, 2022, are as follows:

(Thousands of euros)	Opening balance	Additions and depreciation	Transfers	Translation differences	Closing balance
06/30/2023					
Cost					
Land, buildings and technical installations	1,127,269	186,861	-	-	1,314,130
	1,127,269	186,861	-	-	1,314,130
Accumulated depreciation					
Buildings and technical installations	(153,257)	(13,535)	-	-	(166,792)
	(153,257)	(13,535)	-	-	(166,792)
Valuation allowances for impairment losses					
Land and buildings	(455)	-	-	-	(455)
	(455)	-	-	-	(455)
Carrying amount	**973,557**				**1,146,883**

(Thousands of euros)	Opening balance	Additions and depreciation	Transfers	Disposals	Closing balance
2022					
Cost					
Land and buildings	32,297	15,165	-	-	47,462
Technical installations and machinery	626,528	-	260,750	-	887,278
Property, plant and equipment under construction	144,100	309,179	(260,750)	-	192,529
	802,925	324,344	-	-	1,127,269
Accumulated depreciation					
Buildings	(9,509)	(253)	-	-	(9,762)
Technical installations and machinery	(121,658)	(21,837)	-	-	(143,495)
	(131,167)	(22,090)			(153,257)
Valuation allowances for impairment losses					
Land and buildings	(455)	-	-	-	(455)
	(455)				(455)
Carrying amount	671,303				973,557

The main movements in property, plant and equipment in the six months ended June 30, 2023, 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 charges.

No valuation allowances for impairment losses on property, plant and equipment were recognized in the first six months of 2023.

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.

Movements in items composing "Surface rights" as at June 30, 2023 and December 31, 2022, are as follows:

(Thousands of euros)	Opening balance	Additions and depreciation	Closing balance
06/30/2023			
Cost			
Rights to use land	112,309	7,934	120,243
	112,309	7,934	120,243
Accumulated depreciation			
Rights to use land	(8,504)	(2,159)	(10,663)
	(8,504)	(2,159)	(10,663)
Carrying amount	**103,805**		**109,580**

(Thousands of euros)	Opening balance	Additions and allowances	Disposals	Closing balance
2022				
Cost				
Surface rights	118,250	5,568	(11,509)	112,309
	118,250	5,568	(11,509)	112,309
Accumulated depreciation				
Surface rights	(6,197)	(2,879)	572	(8,504)
	(6,197)	(2,879)	572	(8,504)
Carrying amount	**112,053**			**103,805**

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, 2023, these assets amounted to 23,303 thousand euros (December 31, 2022: 24,692 thousand euros).

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, 2023, or in 2022.

8. Cash and cash equivalents

The breakdown of this item at June 30, 2023 and December 31, 2022 is as follows:

(Thousands of euros)	**06/30/2023**	**12/31/2022**
Cash	-	3
Demand deposits in current accounts	71,228	150,654
	71,228	**150,657**

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

There are restrictions on the availability of the amount of current accounts for certain energy generation subsidiaries financed using project finance or 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, 2023 and December 31, 2022, as 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, 2023 and December 31, 2022 are as follows:

(Thousands of euros)	06/30/2023	12/31/2022
DTL Corporación, S.L.	34.91%	34.91%
Continuous market	65.09%	65.09%
	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, 2023 was 14.04 euros (December 31, 2022: 17.12 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 shareholders 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 2023 of 2022.

Reserves

The Group's reserves are unrestricted except for the non-distributable portion of the companies' mandatory legal reserves.

Non-controlling interests

In 2022, the Parent of the Group and the Basque Country energy agency, Ente Vasco de la Energía (EVE), set up a company, Indarberri, S.L., to carry out photovoltaic solar energy projects. It is 70%-owned by Solaria and 30%-owned by EVE. EVE made a monetary contribution in 2022 to incorporate this company of 1,440 thousand euros.

Cash flow hedges

The movements in this item in the six months ended June 30, 2023 and in 2022 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
06/30/2023				
Cash flow hedges	(26,744)	36,425	(9,106)	575
	(26,744)	**36,425**	**(9,106)**	**575**
12/31/2022				
Cash flow hedges	(32,645)	7,868	(1,967)	(26,744)
	(32,645)	**7,868**	**(1,967)**	**(26,744)**

10. Financial liabilities

The breakdown of bank borrowings, bonds and other marketable securities issued by Group subsidiaries, excluding finance lease payables, at June 30, 2023 and December 31, 2022, is as follows:

(Thousands of euros)	Current	Non-current	Total
06/30/2023			
Bank borrowings	50,610	651,696	702,306
Debt arrangement expenses	(979)	(10,633)	(11,612)
	49,631	641,063	690,694
Bonds and other marketable securities	46,741	127,056	173,797
Accrued bond interest payable	126	-	126
Bond arrangement expenses	(93)	(1,416)	(1,509)
	46,774	125,640	172,414
	96,405	**766,703**	**863,108**

(Thousands of euros)	Current	Non-current	Total
2022:			
Bank borrowings	46,962	571,691	618,653
Debt arrangement expenses	(972)	(15,195)	(16,167)
	45,990	556,496	602,486
Bonds and other marketable securities	46,975	129,688	176,663
Accrued bond interest payable	123	-	123
Bond arrangement expenses	(273)	(1,352)	(1,625)
	46,825	128,336	175,161
	92,815	**684,832**	**777,647**

The Group's outstanding debentures and bonds and loans at June 30, 2023 are as follows:

Bonds and debentures

Globasol Villanueva 1, S.A.U.:

On May 20, 2016, the Company issued a 20.7-year project bond for a nominal amount of 45,300 thousand euros, as disbursed at an amount net of arrangement costs of 43,438 thousand euros on May 25, 2016. The bond pays a coupon 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 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; and

- That there has not occurred, nor is there likely to occur, a circumstance triggering early repayment.

The Company was compliant with the Debt Service Coverage Ratios at June 30, 2023.

Magacela Solar 1, S.A.

On July 24, 2017, the Company issued a 20-year project bond worth a nominal amount of 47,100 thousand euros, disbursed on July 24, 2017. The bond pays a coupon of 3.679%, with half-yearly 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 1.05x.

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; and

- That there has not occurred, nor is there likely to occur, a circumstance triggering early repayment.

The Company was compliant with the Debt Service Coverage Ratios at June 30, 2023.

Planta Solar Puertollano 6, S.A.

On February 28, 2017, the Company issued a 20-year project bond worth a nominal amount of 45,100 thousand euros. The bond pays a coupon 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, nor is there likely to occur, a circumstance triggering early repayment.

The Company was compliant with the Debt Service Coverage Ratios at June 30, 2023.

Solaria Casiopea, S.A.:

On December 21, 2017, the Company issued a 22.8-year project bond worth a nominal amount of 9,200 thousand euros, disbursed on December 22, 2017. The bond pays a coupon 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 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, nor is there likely to occur, a circumstance triggering early repayment; and
- That the merger has been completed.

The Company was compliant with the Debt Service Coverage Ratios at June 30, 2023.

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 and maturing December 31, 2042.

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, 2023.

Bank borrowings

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

On November 16, 2020, Yarnel, S.A. and Natelu, S.A. entered into a debt agreement with MetLife Investment Management, LLC. This enabled the two companies to refinance their entire debt and cancel their outstanding debt at that date. Natelu's principal amount stands at 13 million US dollars and Yarnel's principal amount at 14 million US dollars. The refinancing package has a term of 20 years.

Solaria Lyra, S.r.l.:

On February 14, 2019, the Company 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. 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 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; and

- That no events have occurred triggering early redemption.

The Company was compliant with the Debt Service Coverage Ratios at June 30, 2023.

<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 agreement with Natixis, S.A. for 132,570 thousand euros. The financing accrues interest at a market rate, 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 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 was compliant with the Debt Service Coverage Ratios at June 30, 2023.

<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. worth 57,000 thousand euros. The financing accrues interest at a market rate, 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 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; and

- That no events have occurred triggering early redemption.

The Company was compliant with the Debt Service Coverage Ratios at June 30, 2023.

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 51,500 thousand euros.

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

The Company was compliant with the Debt Service Coverage Ratios at June 30, 2023.

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 an 18-year project finance arrangement with the bank Natixis, S.A. for 115,489 thousand euros. The financing accrues interest at a market rate, with monthly payments.

The contract stipulates early repayment in the event of failure to comply with a minimum Debt Service Coverage Ratio (DSCR) of 1.10x.

The Company was compliant with the Debt Service Coverage Ratios at June 30, 2023.

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 21-year Credit Facility Agreement entered into 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 DSCR is equal to or greater than 1.10x; and
    - (ii) the projected DSCR is greater than 1.10x;
- That there are no outstanding amounts under the framework of the DSR mechanism.

The Company was compliant with the Debt Service Coverage Ratios at June 30, 2023.

Adhara Solar, S.L.

On June 30, 2022, Adhara Solar, S.L.U. financed the promotion, construction and development of 15 photovoltaic projects through a 16-year Credit Facility Agreement entered into with COMMERZBANK AKTIENGESELLSCHAFT, ABN AMRO Bank N.V. and the European Investment Bank for 371,946 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.

Hydra Solar, S.L.U.

On December 21, 2022, Hydra Fotovoltaica Solar, S.L.U. financed the promotion, construction and development of four photovoltaic projects through a 16-year Credit Facility Agreement entered into with Banco de Sabadell, S.A. for 132,890 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.

Hydra Fotovoltaica, S.L.U. was under no obligation to comply with the Debt Service Coverage Ratios at June 30, 2023.

11. Trade and other payables

The breakdown of this item under current liabilities in the statement of financial position was as follows at June 30, 2023 and December 31, 2022:

(Thousands of euros)	06/30/2023	12/31/2022
Suppliers and other payables	56,648	81,866
Personnel (salaries payable)	-	2,678
	56,648	**84,544**

12. Tax matters

The breakdown of balances related to tax assets and tax liabilities at June 30, 2023 and December 31, 2022 is as follows:

(Thousands of euros)	06/30/2023	12/31/2022
Deferred tax assets	67,863	80,106
Deferred tax liabilities	(15,608)	(16,231)
Other receivables from public authorities	5,891	8,302
Value added tax	5,891	8,302
	58,146	**72,177**
Current tax liabilities	9,616	3,021
Other payables to public authorities	**427**	**660**
Personal income tax withholdings	132	330
Social Security payable	295	330
VAT	-	-
	10,043	**3,681**

Income tax expense at June 30, 2023 amounted to 8,653 thousand euros (June 30, 2022: 4,389 thousand euros).

13. Revenue and expenses

13.1. Revenue

Revenue for the six months ended June 30, 2023 amounted to 84,555 thousand euros (June 30, 2022: 68,115 thousand euros) and related primarily to revenue from electricity sales, mainly in Spain.

13.2. Operating expenses

Total operating expenses in the six months ended June 30, 2023 amounted to 3,699 thousand euros (June 30, 2022: 2,500 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, 2023 and June 30, 2022 is as follows:

(Thousands of euros)	06/30/2023	06/30/2022
Finance income	986	170
Finance costs	(15,508)	(8,863)
	(14,522)	**(8,693)**

14. Related parties

The related parties with which the Group carried out transactions in the first half of 2023 and in 2022 and the nature of the relationship are as follows:

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

There were no amounts receivable from or payable to Solaria Group companies at June 30, 2023 and December 31, 2022.

Balances from related party transactions are as follows:

(Thousands of euros)	Direct parent
06/30/2023	
Leases	(252)
TOTAL	**(252)**

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

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

15. Events after the reporting period

PPA

On July 19, 2023, Solaria announced that it had signed with Shell an option to extend the term of the 300 MW PPA for a further three years from its original expiration date in 2030, having also negotiated a 10% improvement in the current power purchase price.

Financing

On July 27, 2023, Solaria announced that it had reached an in-principle and non-binding agreement with BANCO SANTANDER and the European Investment Bank (EIB) for the long-term financing of 1,085 MW.

The funding has been arranged in the form of project finance for a total of 515 million euros.

Solaria

Consolidated Management Report

June 30, 2023

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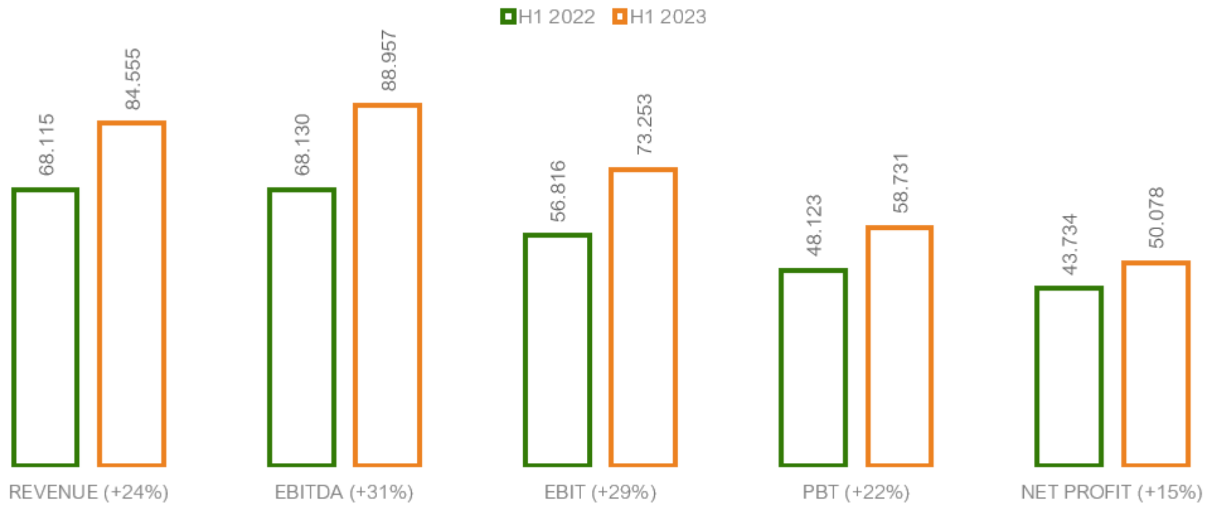
1. Solaria Group

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

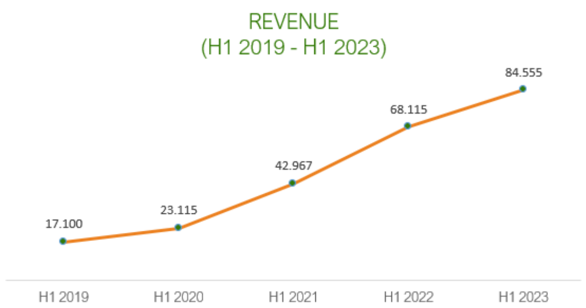
Solaria's mission is to promote the development of the use of sunlight as an energy source by transforming knowledge and experience into innovative solutions that contribute to the well-being and progress of humanity, promoting sustainable economic development and reducing environmental impact, positioning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

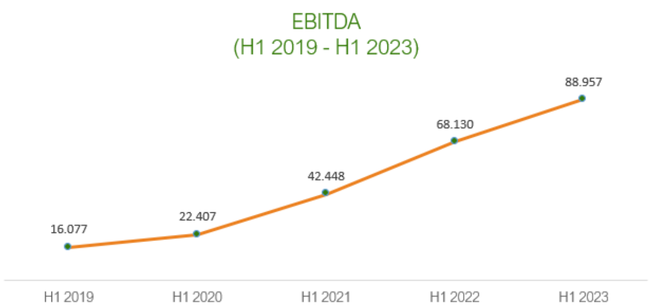
2. Key financial indicators in 1H 2023

Solaria Group reported revenue of 84,555 thousand euros (+24%), EBITDA of 88,957 thousand euros (+31%), EBIT of 73,253 thousand euros (+29%), profit before tax of 58,731 thousand euros (+22%) and profit after tax of 50,078 thousand euros (+15%) for the first six months of 2023.



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. 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 in 1H 2023

Environmental Impact Statement (EIS)

On January 26, 2023, Solaria reported that it had obtained positive environmental impact statements (EIS) for 3,985 MW of its project pipeline, subject to the milestones set out in Royal Decree-Law 23/2020, including the Cifuentes-Trillo, Garoña and Villaviciosa projects.

Connection points

On January 27, 2023, Solaria disclosed to the market that it had obtained new connection points for the installation of 330 MW of solar PV plants in Girona and Tarragona.

With this new capacity, Solaria now has 580 MW in Catalonia, of which 150 MW have already obtained positive EISs.

Cifuentes-Trillo

On March 2, 2023, Solaria disclosed that it had successfully connected its 626 MW Cifuente-Trillo solar PV complex to the electricity grid.

Connection points

On March 9, 2023, Solaria disclosed to the market that it had obtained a positive EIS for its two plants Casas de Valeira and Vale Pequeno in Portugal, with a combined capacity of 375 MW.

Financing

Solaria announced that it had reached an indicative agreement for the evaluation and potential financing of 1,700 million euros for the construction of 5.6 GW of projects currently in its pipeline. These projects will be developed in Spain (4,845 MW), Italy (382 MW) and Portugal (375 MW).

Milestones in Royal Decree 23/2020

On April 25, Solaria received Preliminary Administrative Permits for all the projects included in the second milestone of RD 23/2020. These include the Garoña and Villaviciosa packages.

PPA

On July 19, 2023, Solaria announced that it had signed with Shell an option to extend the term of the 300 MW PPA for a further three years from its original expiration date in 2030, having also negotiated a 10% improvement in the current power purchase price.

Financing

On July 27, 2023, Solaria announced that it had reached an in-principle and non-binding agreement with BANCO SANTANDER and the European Investment Bank (EIB) for the long-term financing of 1,085 MW.

The funding has been arranged in the form of project finance for a total of 515 million euros.

4. Financial information

4.1. Consolidated income statement

The consolidated income statement for the first six months of 2023 and 2022 is as follows:

Thousands of euros (€K)	6/30/2023	6/30/2022	Absolute change	Relative change
Revenue	84,555	68,115	16,440	24%
Other income	15,003	7,325	7,678	105%
TOTAL REVENUE	99,558	75,440	24,118	32%
Personnel expenses	(6,902)	(4,810)	(2,092)	43%
Operating expenses	(3,699)	(2,500)	(1,199)	48%
EBITDA	88,957	68,130	20,827	31%
EBITDA/revenue	105%	100%		
Amortization and depreciation	(15,704)	(11,314)	(4,390)	39%
EBIT	73,253	56,816	16,437	29%
EBIT/revenue	87%	83%		
Net finance expense	(14,522)	(8,693)	(5,829)	67%
Profit before tax	58,731	48,123	10,609	22%
Income tax expense	(8,653)	(4,389)	(4,264)	97%
NET PROFIT	50,078	43,734	6,345	15%
Net profit/revenue	59%	64%		

Revenue

The Group reported **revenue** of 84,555 thousand euros in the first six months of 2023, up 24% (or 16,440 thousand euros) year-on-year. This improvement was driven by an increase in output following to the connection of the new PV plants, as set out in the Group's business plan.

Personnel expenses

The growth in **personnel expenses** (+43% from 2022) was the result of the higher average number of employees at the Group compared to the same period last year. New staff was required to undertake the Group's ongoing expansion process.

Personnel expenses as a percentage of revenue was lower than in the same period last year, in line with the Group's cost streamlining policy.

Operating expenses

The increase in operating expenses was primarily the result of costs accrued for the new plants that came on stream between June 30, 2022 and June 30, 2023.

Operating expenses as a percentage of revenue was in line with the year-earlier figure.

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 2023 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 same period last year.

The sharp increase was largely due to the 371.9 million euros of financing for a total of 736 MW entered into between Solaria and ABN AMRO, Commerzbank and the European Investment Bank (EIB).

Conclusion

Overall, the Group is still on track to deliver its business plan, which will mean higher revenue and cost streamlining. As a result, it should continue to register improvements in its key income statement items.

4.2. Consolidated balance sheet

The Group's consolidated balance sheet as at June 30, 2023 and December 31, 2022 is as follows:

Thousands of euros (€K)	6/30/2023	12/31/2022	Absolute change	Relative change
Non-current assets	1,398,702	1,226,276	172,426	14%
Intangible assets	109,760	103,970	5,790	6%
Property, plant and equipment	1,146,883	973,557	173,326	18%
Deferred tax assets	67,863	80,106	(12,243)	-15%
Other non-current financial assets	74,196	68,643	5,553	8%
Current assets	139,235	200,682	(61,447)	-31%
Trade and other receivables	66,445	49,155	17,290	35%
Other current financial assets	1,562	870	692	80%
Cash and cash equivalents	71,228	150,657	(79,429)	-53%
TOTAL ASSETS	1,537,937	1,426,958	110,979	8%

Thousands of euros (€K)	6/30/2023	12/31/2022	Absolute change	Relative change
Equity	422,111	344,728	77,383	22%
Capital and share premium	310,926	310,926	-	-
Other reserves	5,311	5,311	-	-
Non-controlling interests	1,440	1,440	-	-
Retained earnings	104,286	54,208	50,078	92%
Valuation adjustments	148	(27,157)	27,305	-101%
Non-current liabilities	948,933	897,010	51,923	6%
Long-term bonds and debentures	125,640	128,336	(2,696)	-2%
Financial liabilities arising from bank borrowings	641,063	556,496	84,567	15%
Finance lease payables	104,594	99,744	4,850	5%
Deferred tax liabilities for taxable temporary differences	15,608	16,231	(623)	-4%
Derivative financial instruments	62,028	96,203	(34,175)	-36%
Current liabilities	166,893	185,220	(18,327)	-10%
Short-term bonds and debentures	49,631	46,825	2,806	6%
Financial liabilities arising from bank borrowings	46,774	45,990	784	2%
Finance lease payables	3,797	4,160	(363)	-9%
Trade and other payables	66,691	88,245	(21,554)	-24%
TOTAL EQUITY AND LIABILITIES	1,537,937	1,426,958	110,979	8%

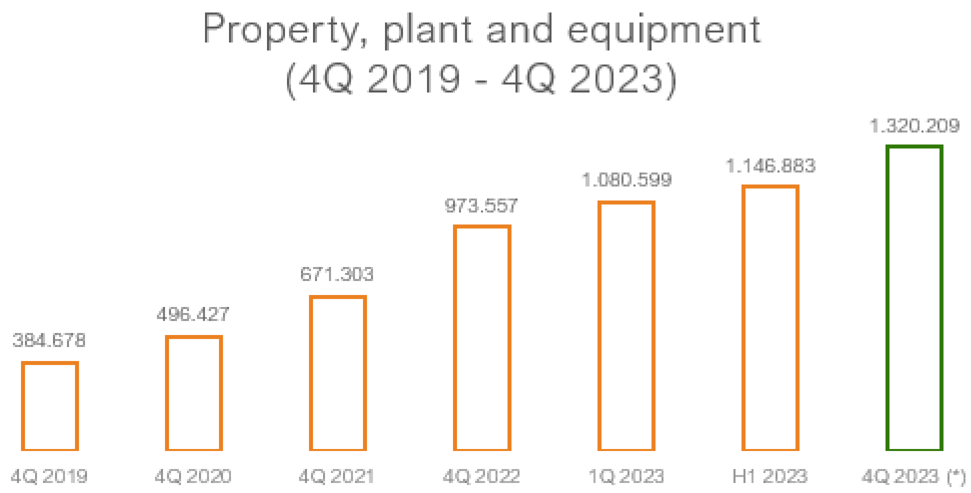
Intangible assets

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 2023 of 186,861 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.

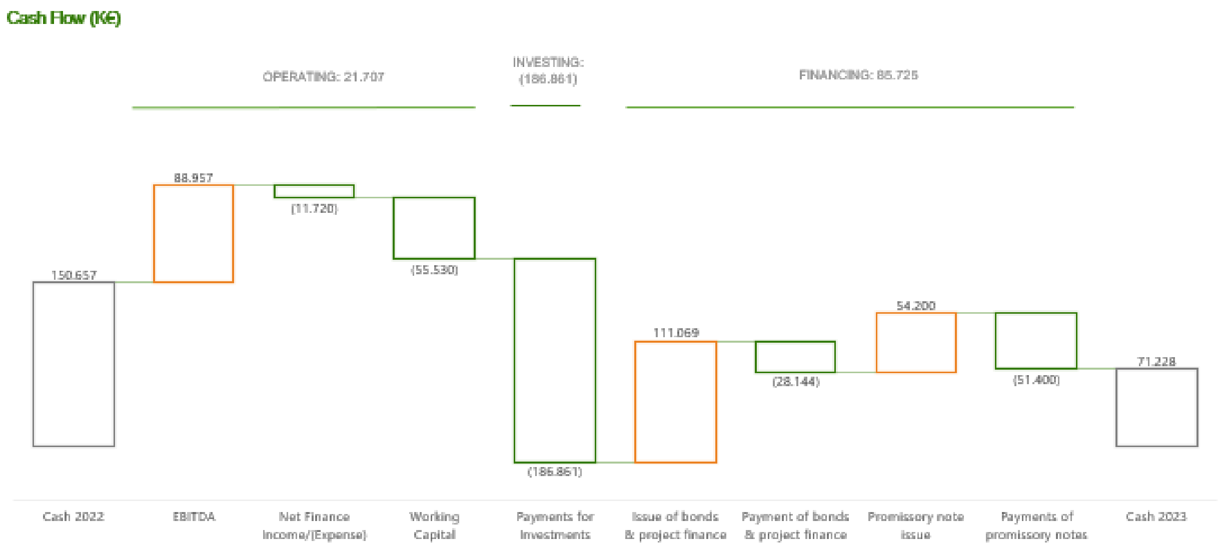
The following chart sets out the trend in property, plant and equipment (net of depreciation) since 2019. Assuming capex at a constant rate and extrapolating the depreciation rate of 1H 2023 give a figure for property, plant and equipment at year-end 2023 of 1,320 million euros:



(*) Extrapolated figures as at 12/31/2023:

Cash

Changes in the statement of cash flows for the six months ended June 30, 2023 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 2023 was the result of:

- The increase in bank borrowings following new drawdowns from project debt made in the first six months of 2023 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 increase in "Short-term bonds and other marketable securities" as a result of the payment of commercial paper under the Group's note program registered with 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.

5. Sustainability

Solaria is a leading company in the development and generation of solar photovoltaic (PV) energy in southern Europe, with the aim of actively contributing to decarbonization and achieving a global energy model based on clean energy. We embed a sustainable approach in our strategy and business management, in line with the United Nations' 2030 Agenda, Sustainable Development Goals and Ten Principles of the UN Global Compact, an initiative of which it is a signatory.

In keeping with its commitment to ethics, transparency and sound business practices, the following table summarizes the key environment, social and good corporate governance (ESG) metrics and developments.

ENVIRONMENT

	6M 2023	6M 2022	Observations
CO_2 emissions – Scope 1 (Tn CO_2)	159.26	140.50	
CO_2 emissions – Scope 2 (Tn CO_2) – Market based	0.99	1.01	The decrease was due to the change in electricity consumption for renewable sources.
CO_2 emissions – Scope 3 (Tn CO_2)	28.21	25.96	
CO_2 emissions generated (Tn CO_2)	0.18	0.26	-31%
Energy generation (GWh)	1,002.87	641.7	+56%
Environmental penalties	0	0	
Electricity consumption (offices and solar plants) (kWh)	3,093,764	2,321,736	
Of which: renewable	97.32%	92.07%	+6%
Water consumed at offices (m3)	310	210	The increase was driven by the growth in headcount and installations.
% electric / hybrid / ECO vehicles	60%	30%	+100%

SOCIAL

	6M 2023	6M 2022	Observations
Total no. of employees	236	149	+59%
Management team	8	10	
Middle managers	23	19	
Technicians	198	119	
Interns/trainees	7	1	
Total no. of women	39	33	+19%
Management team	1	1	
Middle managers	7	6	
Technicians	30	25	
Interns/trainees	1	1	
Total no. of men	197	116	
Management team	7	9	
Middle managers	16	13	
Technicians	168	94	
Interns/trainees	6	0	
New hires	114	40	Due to Solaria's growth and expansion
No. of employees with a disability	1	1	Inclusion actions undertaken
No. of employees with permanent contract	229	144	98% of staff
Average age of the workforce	41 years-old	41 years-old	
Average length of service	2.1 years	2.9 years	
Average remuneration	€54,553	€56,518	
Employee turnover rate	36.53%	19.27%	
Total no. of internal training hours	1,610	855	+88%

OCCUPATIONAL HEALTH AND SAFETY	6M 2023	6M 2022	Observations
Frequency rate			Solaria aims to achieve the goal of "Zero Accidents".
Direct	6.25	0	
Indirect	2.42	6.50	Among its direct employees, Solaria reported one lost-time accident, while among subcontractor personnel (a total of 2,270), it reported two such accidents.
Accident rate			
Direct	55.56	0	
Indirect	40.57	93.34	Solaria's rates are well below the construction sector average (frequency rate: 37.3; accident rate: 6,606; injury rate: 1.28).
Injury rate			
Direct	0.29	0	
Indirect	0.02	0.10	

For more information on Solaria's sustainability performance and strategy, please see the Company's website and the Sustainability Report for the first half of 2023.

6. Strategy and outlook

Solaria delivered several key milestones in the first half of the year, which will be key for executing its strategy of reaching 18 GW by 2030. Undoubtedly, one of the period's biggest highlights was the connection of the first of its major projects, Cifuentes-Trillo, to the grid, while it also obtained environmental permits and authorizations for more than 4 GW of projects, including the Group's two other major projects, Garoña and Villaviciosa, complying with the milestones outlined in Royal Decree-Law 23/2020.

It also secured new connection points to install 330 MW of solar PV in Girona and Tarragona and obtained positive environmental impact statements (EISs) for 375 MW of the Casal de Valeira and Vale Pequeno plants in Portugal.

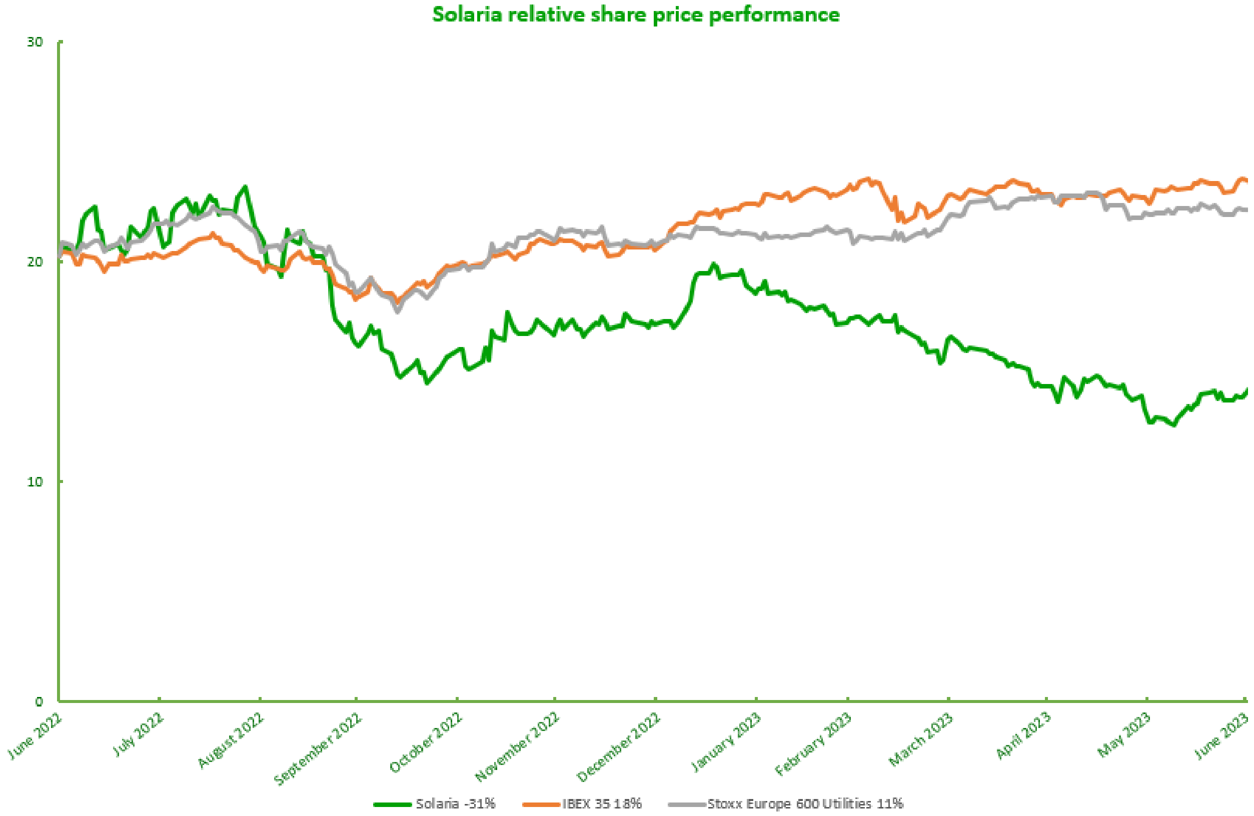
Meanwhile, Solaria and the Basque Country energy agency, Ente Vasco de la Energía (EVE), through Indarberri, obtained positive environmental impact statements (EISs) for its Vitoria 1 and Vitoria 2 PV plants, with total capacity of 100 MW. These were the two parks in the 1,900 MW pipeline Solaria will develop in the Basque Country in the coming years. The Company's objective is to replace pollutant energies with other alternative renewable sources and spearhead the energy transition.

As for financing of growth plans, on September 25, the Company entered into a 1.7 billion euro framework agreement with the European Investment Bank (EIB) to finance a portfolio of 5.6 GW of PV projects located in Spain, and primarily projects in Italy and Portugal. This agreement secures the Company's financing requirement for the next three years.

At the same time, Solaria took out the first loan with the EIB and Banco Santander under the umbrella of this framework financing for a total of 515 million euros to build 24 PV plants in Spain with combined installed capacity of 1.08 GW.

Solaria continues to carry out its strategic plan and now has 3,083 MW in operation and under construction. These achievements, not to mention the upbeat prospects for the year's second half, leave Solaria on track to deliver its roadmap for 2030.

7. Share price performance



8. Relevant information disclosed in the period

Other relevant information published by the Group's 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 2023	H1 2022	Relevance of use
Other income	Other income + Self-constructed assets	9,503 + 5,500 = 15,003	3,492 + 3,833 = 7,325	Measure of contribution by items other than energy sales
Working capital	Current assets – Current liabilities	139,235 – 166,893 = (27,658)	171,065 – 192.17 = (21,106)	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	84,555 + 9,503 + 5,500 - – 6,902 – 3,699 = 88,957	68,115 + 3,492 + 3,833 - – 4,810 – 2,500 = 68,130	Measure of operating profitability without considering interest, taxes, provisions, depreciation and amortization
EBIT	EBITDA - Amortization and depreciation, and impairment losses	88,957 – 15,704 = 73,253	68,130 – 11,314 = 56,816	Measure of operating profitability without considering interest and taxes
Profit after tax	EBIT ± Net finance income/(expense)	73,253 – 14,522 = 58,731	56,816 – 8,693 = 48,123	Measure of operating profitability without considering taxes
Net finance income/(expense)	Finance income - Finance costs ± Exchange differences	986 - 15,508 = (14,522)	170 - 8,863 = (8,693)	Measure of finance cost
EBITDA/revenue	$\frac{\text{Revenue + Other income + Self − constructed assets −Personnel expenses − Other operating expenses}}{\text{Revenue}}$	$\frac{88.957}{84.555} = 105\%$	$\frac{68.130}{68.115} = 100\%$	Measure of operating profitability considering direct variable generation costs
EBIT/revenue	$\frac{\text{Revenue + Other income + Self − constructed assets − Personnel expenses − Other operating expenses − Amortization and depreciation − Impairment losses}}{\text{Revenue}}$	$\frac{73.253}{84.555} = 87\%$	$\frac{56.816}{68.115} = 83\%$	Measure of operating profitability considering direct and indirect variable generation costs
Net profit/revenue	$\frac{\text{Revenue + Other income + Self − constructed assets − Personnal expenses − Other operating expenses − Amortization and depreciation − Impairment losses + Finance income − Finance costs ± Exchange differences ± Income tax}}{\text{Revenue}}$	$\frac{50.078}{84.555} = 59\%$	$\frac{43.734}{68.115} = 64\%$	Measure of operating profitability considering direct and indirect variable generation costs, finance costs and taxes