2024

Solaria

Consolidated Management Report

March 31, 2024

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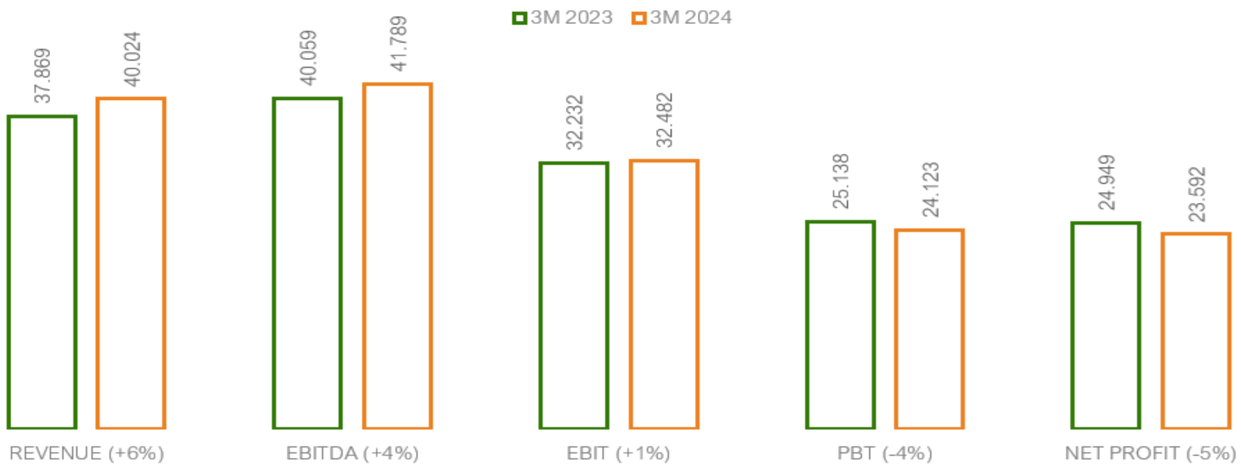
1. Solaria Group

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.

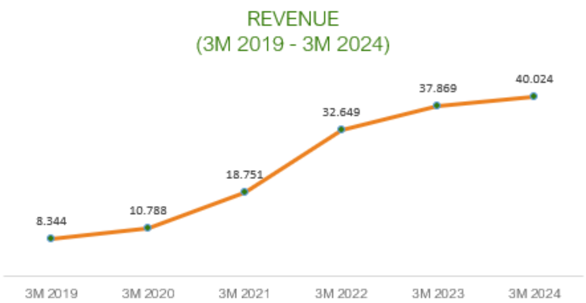
Solaria's mission is to promote the development of the use of sunlight as an energy source by transforming knowledge and experience into innovative solutions that contribute to the well-being and progress of humanity, promoting sustainable economic development and reducing environmental impact, positioning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

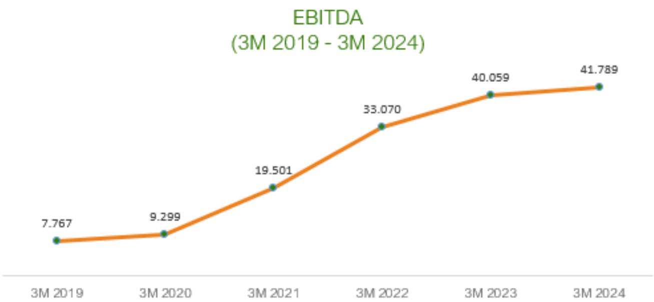
2. Key financial indicators 1Q 2024

Solaria Group reported revenue of 40,024 thousand euros (+6%), EBITDA of 41,789 thousand euros (+4%), EBIT of 32,482 thousand euros (+1%), profit before tax of 24,123 thousand euros (-4%) and profit after tax of 23,592 thousand euros (-5%) for the first three months of 2024.



The following charts illustrate the quarterly trend in revenue and EBITDA in recent years:





3. Key highlights 2024

Administrative Construction Authorization (AAC)

On January 19, 2024, Solaria announced that it had obtained Administrative Construction Authorization for construction of its second flagship 595 MW Garoña project.

Capex

On May 6, 2024, Solaria announced that it had purchased photovoltaic (PV) modules at a price of 9.11 euro cents per watt from a Tier 1 manufacturer.

4. Financial information

4.1. Consolidated income statement

The consolidated income statement for the first three months of 2024 and 2023 is as follows:

Thousands of euros (€K)	3M 2024	3M 2023	Absolute change	Relative change
Revenue	40,024	37,869	2,155	6%
Other income	8,532	6,810	1,722	25%
TOTAL REVENUE	48,556	44,679	3,877	9%
Personnel expenses	(4,377)	(3,064)	(1,313)	43%
Operating expenses	(2,390)	(1,556)	(834)	54%
EBITDA	41,789	40,059	1,730	4%
EBITDA/revenue	104%	106%		
Amortization and depreciation	(9,307)	(7,827)	(1,480)	19%
EBIT	32,482	32,232	250	1%
EBIT/revenue	81%	85%		
Net finance expense	(8,359)	(7,094)	(1,265)	18%
Profit after tax	24,123	25,138	(1,015)	-4%
Income tax expense	(531)	(189)	(342)	181%
NET PROFIT	23,592	24,949	(1,357)	-5%
Net profit/revenue	59%	66%		

Revenue

The Group reported **revenue** of 40,024 thousand euros in the first three months of 2024, up 6% (or 37,869 thousand euros) year-on-year. The increase was primarily driven by higher output from the new solar PV plants, which offset the drop in energy prices and the first asset rotation carried out by the Group.

Personnel expenses

The growth in **personnel expenses** (+43% from 1Q23) was the result of the higher average number of employees at the Group compared to last year. New staff was required to undertake the Group's ongoing expansion process.

Operating expenses

The increase in operating expenses was primarily the result of costs accrued for the new plants that came on stream between March 30, 2023, and March 30, 2024 and the tax on the value of electricity output.

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 2024 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.

Conclusion

Overall, the Group continues to execute its business plan, delivering increases in both energy production and EBITDA. Due to such a sharp fall in prices, it has not shown a larger increase in EBITDA, but prices are expected to normalize over the course of the year.

4.2. Consolidated balance sheet

The Group's consolidated balance sheet as at March 30, 2024 and December 31, 2023 is as follows:

Thousands of euros (€K)	03/31/2024	12/31/2023	Absolute change	Relative change
Non-current assets	1,553,500	1,510,585	42,915	3%
Intangible assets	115,584	110,507	5,077	5%
Property, plant and equipment	1,311,314	1,276,203	35,111	3%
Other non-current financial assets	72,655	71,752	903	1%
Deferred tax assets	53,947	52,123	1,824	3%
Current assets	129,211	138,337	(9,126)	-7%
Trade and other receivables	76,374	59,955	16,419	27%
Other current financial assets	1,258	1,088	170	16%
Cash and cash equivalents	51,579	77,294	(25,715)	-33%
TOTAL ASSETS	1,682,711	1,648,922	33,789	2%

Thousands of euros (€K)	03/31/2024	12/31/2023	Absolute change	Relative change
Equity	550,218	524,118	26,100	5%
Capital and share premium	310,926	310,926	-	-
Other reserves	5,311	5,311	-	-
Non-controlling interests	3,750	1,200	2,550	-
Retained earnings	185,393	161,801	23,592	15%
Valuation adjustments	44,838	44,880	(42)	0%
Non-current liabilities	943,166	919,093	24,073	3%
Long-term bonds and debentures	116,476	117,467	(991)	-1%
Financial liabilities arising from bank borrowings	682,957	663,682	19,275	3%
Finance lease payables	110,514	105,675	4,839	5%
Deferred tax liabilities for taxable temporary differences	27,186	26,236	950	4%
Derivative financial instruments	6,033	6,033	-	0%
Current liabilities	189,327	205,711	(16,384)	-8%
Short-term bonds and debentures	104,309	111,196	(6,887)	-6%
Financial liabilities arising from bank borrowings	56,285	56,897	(612)	-1%
Finance lease payables	5,078	5,134	(56)	-1%
Trade and other payables	23,655	32,484	(8,829)	-27%
TOTAL EQUITY AND LIABILITIES	1,682,711	1,648,922	33,789	2%

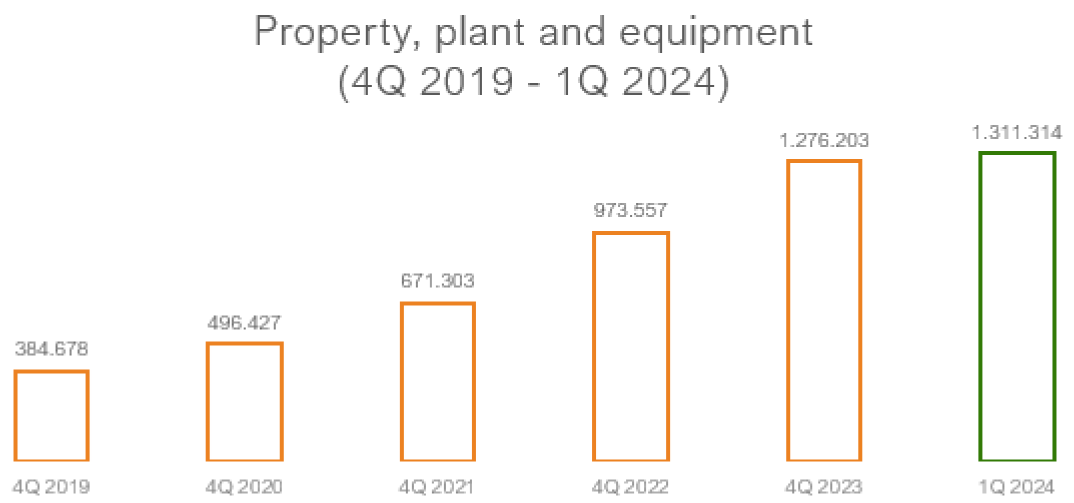
Intangible assets

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

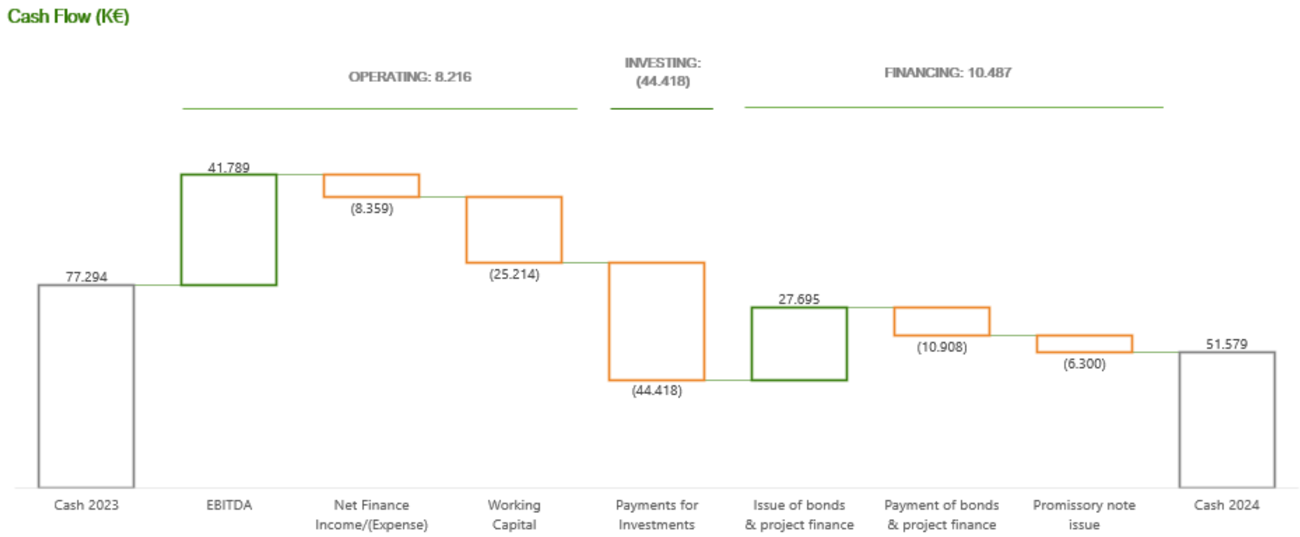
The Group incurred costs for property, plant and equipment in the first three months of 2024 of 44,418 thousand euros for the new plants currently being built and the purchase of land by Group company Generia Land, S.L.

The following chart sets out the trend in property, plant and equipment (net of depreciation) since 2019.



Cash

Changes in the statement of cash flows for the three months ended March 31, 2024 are as follows:



Interest-bearing loans and borrowings

The change in the composition of interest-bearing loans and borrowings in the first three months of 2024 was the result of:

- The increase in bank borrowings following new drawdowns from project debt made in the first three months of 2024 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 debentures as a result of the redemptions made under the Group's commercial paper 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.

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 environmental, social and governance (ESG) metrics and developments.

ENVIRONMENT	1Q 2024	1Q 2023	Observations
CO_2 emissions – Scope 1 (Tn CO_2)	93.97	77.94	
CO_2 emissions – Scope 2 (Tn CO_2) – Market based	0.47	0.44	
Absolute Scope 1 + Scope 2 emissions	94.44	78.38	
CO_2 emissions – Scope 3 (Tn CO_2)	19.59	8.01	
CO_2 emissions generated (Tn CO_2)	0.23	0.23	
Energy generation (GWh)	406.16	332.74	
MW installed	1.658	1,526	
Environmental penalties	-	-	
Electricity consumption (offices and solar plants) (kWh)	1,959,515	1,845,537	
Of which: renewable	98.07%	98%	
Water consumed at offices (m3)	564	204.42	
% electric / hybrid / ECO vehicles	58%	61%	

SOCIAL	1Q 2024	1Q 2023	Observations
Total no. of employees	247	230	
Management team	11	8	
Middle managers	21	24	
Technicians and interns/trainees	215	198	
Total no. of women	43	42	
Management team	3	1	
Middle managers	5	8	
Technicians and interns/trainees	35	33	
Total no. of men	204	188	
Management team	8	7	
Middle managers	16	16	
Technicians and interns/trainees	180	165	
New hires	28	66	
No. of employees with a disability	1	1	
No. of employees with permanent contract	244	225	
No. of full-time employees	241	229	
Average age of the workforce	42	41	
Average length of service	2.4	2.1	
Average remuneration	59,389	€55,825	

OCCUPATIONAL HEALTH AND SAFETY	1Q 2024	1Q 2023	Observations
Frequency rate			
Direct	16.68	34.61	
Indirect	-	1.22	
Accident rate			
Direct	271	56.81	
Indirect	-	57.32	
Injury rate			
Direct	0.61	0.69	
Indirect	-	0.02	

6. Strategy and outlook

The beginning of 2024 featured a major milestone for Solaria: the start of construction of the 700 MW Garoña photovoltaic (PV) solar park (Burgos, Castilla and León). This is the company's second flagship, after the 626 MW Cifuentes-Trillo plant (Guadalajara, Castilla-La Mancha), which was connected to the grid in March 2023.

Elsewhere, Solaria recently obtained Administrative Construction Authorization for construction of its 175 MW Olivas project in the province of Guadalajara (Castilla-La Mancha). This project will produce enough energy for 98,000 homes; i.e. more than the total capacity demanded by the city of Guadalajara.

COMMITMENT TO ITALY AND GERMANY

Regarding Solaria's international expansion plan, the Italian market will play a key role in coming months as the Company makes inroads in its three biggest projects: Palermo (241 MW), Luccano (243 MW) and Spinazzola (308 MW). Solaria aims to develop large-scale "agrovoltaics" to optimize both power generation and agricultural output

Meanwhile, the Group has opened new offices in Berlin, thereby continuing its expansion and growing the team in Germany. It has already identified over 5 GW of potential projects in that country, mostly in the northeast.

SOLARIA MOVES INTO THE DATE CENTER MARKET

In line with its strategic innovation plan, Solaria recently announced that it was entering the data center market. Red Eléctrica has already awarded the company feasibility of access and connection for demand of supply for a total of 155 MW for data processing centers (DPCs).

To spearhead this new business, Solaria has set up a new company, Solaria Data Center. The Company will also leverage its own electrical infrastructures linked to its power generation projects in operation, and under construction and development. In addition to its own power infrastructures (e.g. generation, substations and high-voltage lines), this includes fiber optics for DPC connectivity.

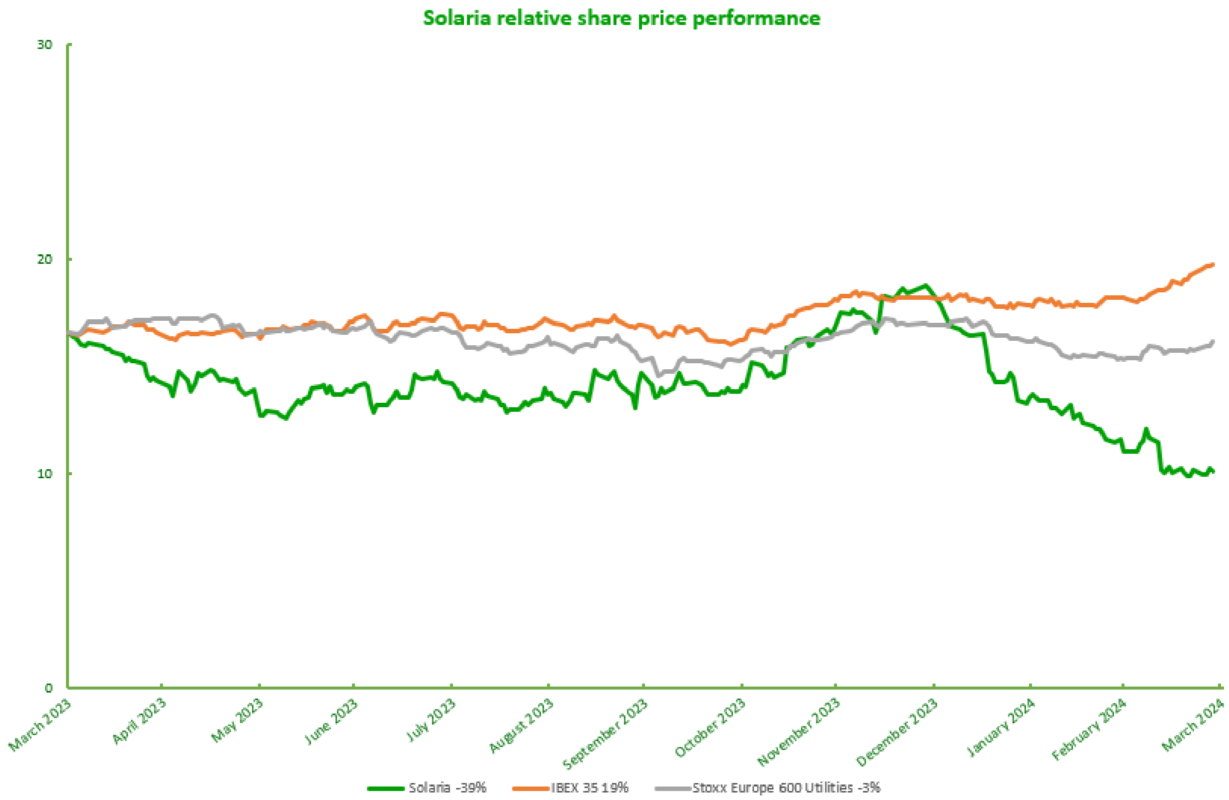
Renewable energies provide affordable electricity prices in the Iberian market and a unique opportunity to speed up and intensify Spain's digital transition.

COMMITMENT TO LOCAL COMMUNITIES

As part of its unwavering commitment to the development of rural populations, Solaria has created an energy community in Durón (Guadalajara) to provide residents with access to self-consumption and involving citizens in energy production. The aim is to contribute to the energy transition and, for municipalities such as Durón, help tackle the demographic challenge.

Solaria is looking ahead with optimism. Thanks to its production of clean, renewable, cheap, safe and sovereign energy, it introduces extremely positive incentives for investors in digital infrastructures in Spain.

7. Share price performance



8. Other relevant information disclosed in the period

Other relevant information disclosed by the Group parent in 2024 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.

APPENDIX I - APM

Item	Calculation	Reconciliation (€K) 3M 2024	Reconciliation (€K) 3M 2023	Relevance of use
Working capital	Current assets – Current liabilities	129,211 – 189,327 = (60,116)	159,659 – 171,049 = (11,390)	Measure of ability to continue with normal business operations in the short term
EBITDA	Revenue + Other income - Personnel expenses - Other operating expenses	40,024 +8,532 – 4,377 – 2,390 = 41,789	37,869 + 6,810 - – 3,064 – 1,556 = 40,059	Measure of operating profitability without considering interest, taxes, provisions, depreciation and amortization
EBIT	EBITDA - Amortization and depreciation, and impairment losses	41,789 – 9,307 = 32,482	40,059 – 7,827 = 32,232	Measure of operating profitability without considering interest and taxes
Profit after tax	EBIT ± Net finance income/(expense)	32,482 – 8,359 = 24,123	32,232 – 7,094 = 25,138	Measure of operating profitability without considering taxes
Net finance income/(expense)	Finance income - Finance costs ± Exchange differences	193 – 8,552 = (8,359)	529 – 7,428 - 195 = (7,094)	Measure of finance cost
EBITDA/revenue	$\frac{\text{Revenue} + \text{Other income} - \text{Personnel expenses} - \text{Other operating expenses}}{\text{Revenue}}$	$\frac{41{,}789}{39{,}087} = 104\%$	$\frac{40{,}059}{37{,}869} = 106\%$	Measure of operating profitability considering direct variable generation costs
EBIT/revenue	$\frac{\text{Revenue} + \text{Other income} - \text{Personnel expenses} - \text{Other operating expenses} - \text{Amortization and depreciation} - \text{Impairment losses}}{\text{Revenue}}$	$\frac{32{,}482}{39{,}087} = 81\%$	$\frac{32{,}232}{37{,}869} = 85\%$	Measure of operating profitability considering direct and indirect variable generation costs
Net profit/revenue	$\frac{\text{Revenue} + \text{Other income} - \text{Personnel expenses} - \text{Other operating expenses} - \text{Amortization and depreciation} - \text{Impairment losses} + \text{Finance income} - \text{Finance costs} \pm \text{Exchange differences} \pm \text{Income tax}}{\text{Revenue}}$	$\frac{23{,}592}{39{,}087} = 59\%$	$\frac{24{,}950}{37{,}869} = 66\%$	Measure of operating profitability considering direct and indirect variable generation costs, finance costs and taxes