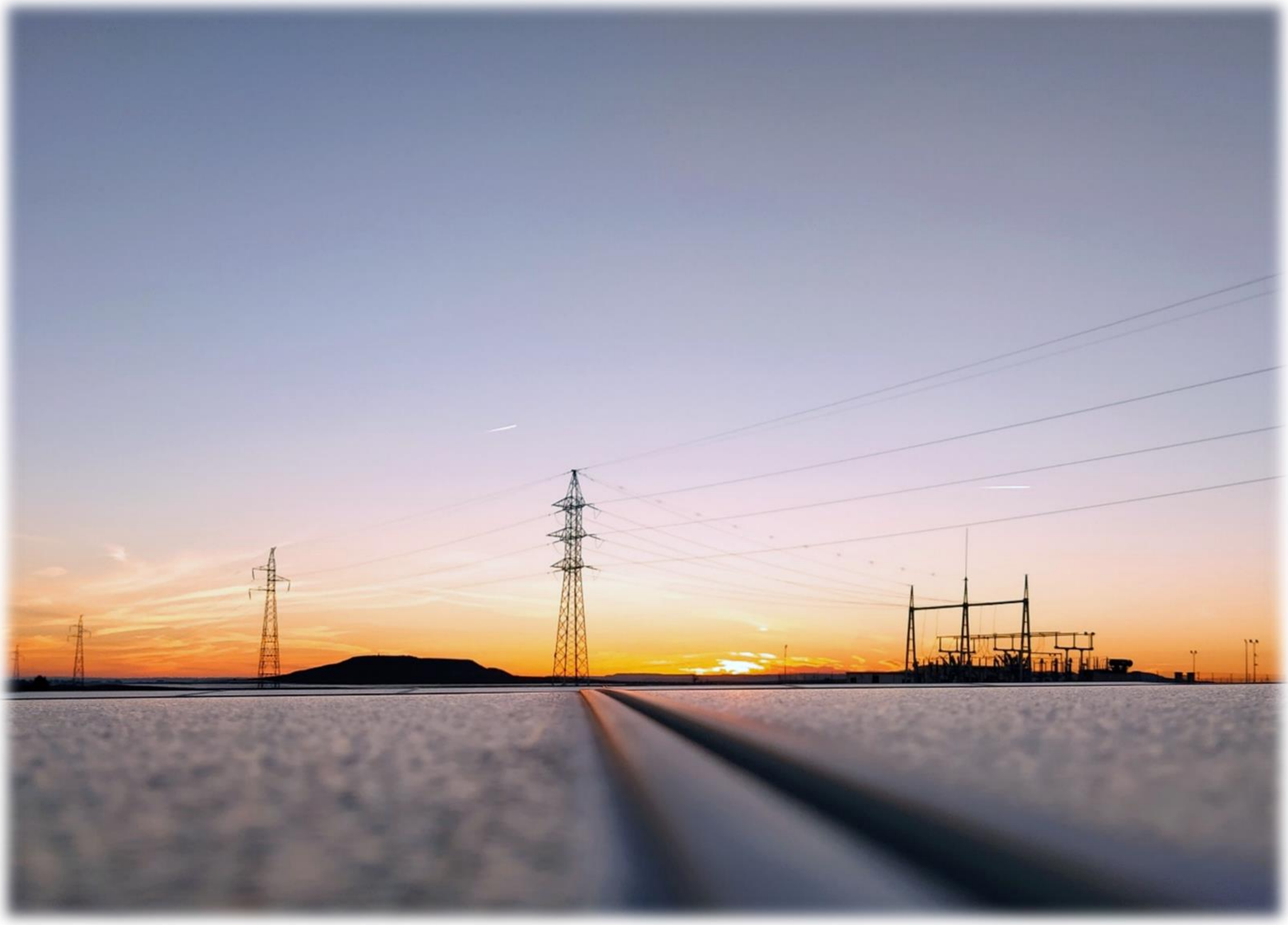
Consolidated management report

September 30, 2021



November 15, 2021

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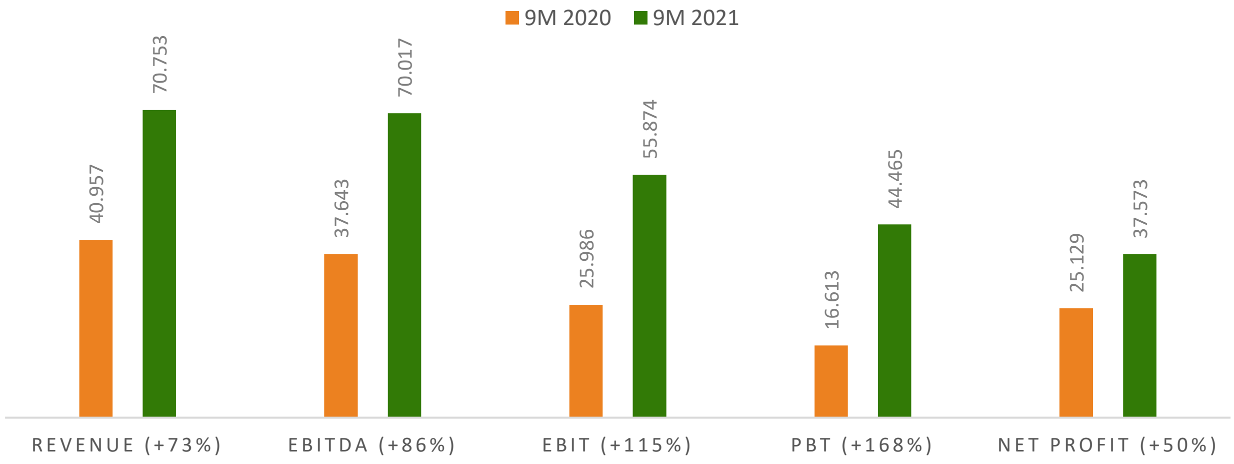
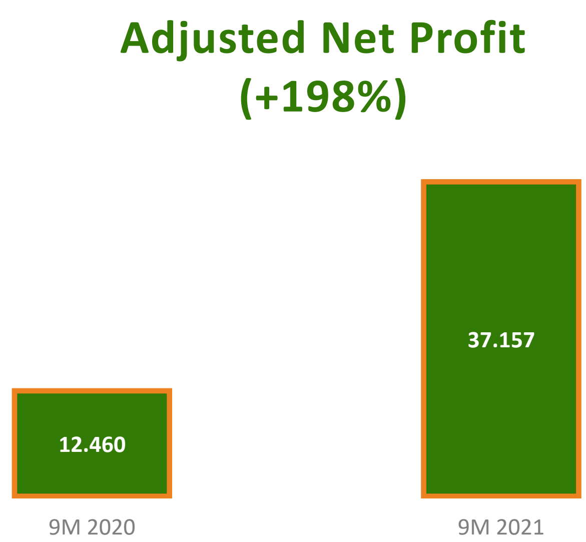
1. Key financial indicators

The Solaria Group reported total revenue of 70,753 thousand euros (+73%), EBITDA of 70,017 thousand euros (+86%), EBIT of 55,874 thousand euros (+115%), profit before tax of 44,465 thousand euros (+168%) and profit after tax of 37,573 thousand euros (+50%) for the first nine months of the year.



Driving the improvement in all these income statement items was the sharp increase in energy production compared to the same period of 2020 and the Group's cost streamlining policy.

The comparison between 2021 and 2020 in ***adjusted net profit*** (excluding the impact of the recognition of deferred taxes) is as follows:



2. Key highlights

2.1. Financing arrangements

Type of arrangement	Entity	MW financed	Amount
Commercial paper issue	MARF	-	€48.8M
Financing	Natixis	261	US$115M
Financing	La Banque Postale	63	€23M

Commercial paper issue on the MARF

On March 18, 2021, the Group announced that it had successfully placed 48.8 million euros of notes with 12-18 months tenor as part of its commercial paper program registered in the Spanish Alternative Fixed-income Market, or MARF.

Financing agreement with Natixis

On March 26, 2021, the Group announced the completion of its financing agreement with Natixis S.A., S.E. (Spain) for 261 MW associated with the 10-year power purchase agreement (PPA) signed with Statkraft in December 2019.

Financing agreement with La Banque Postale

On August 9, 2021, the Group concluded a financing agreement with La Banque Postale for 63MW associated with the Portuguese auction held in July 2019.

2.2. Power purchase agreements

Company	Contracted capacity	Duration (years)
Shell Energy Europe B.V.	300MW	10
Power company (P. Ibérica)	80MW	10
Subasta REER España	180MW	12

PPA with Shell

On January 14, 2021, the Group signed a 10-year PPA with Shell Energy Europe B.V. with total contracted capacity of 300 MW.

PPA

On January 26, 2021, the Group signed a 10-year financial PPA with one of the Iberian Peninsula's leading electric utilities with total contracted capacity of 80 MW.

Auction to be granted the REER

On January 26, 2021, Solaria announced that it had been awarded 180MW of capacity in the first auction to be granted the Renewable Energy Economic Regime (REER) promoted by the Spanish State and held by the electricity market operator, OMEL, on the same date.

This is a 12-year power purchase agreement at an average fixed price of €27.972/MWh, with supply commencing in 2023.

2.3. Other key developments

Capital Markets Day

On February 08, 2021, the Group unveiled its new Strategic Plan, revising up its installed capacity forecast for year-end 2030 to 18 GW.

Next Generation funds

On February 24, 2021, the Group submitted 29 projects to the Spanish Ministry of Ecological Transition and Demographic Challenge for access to the Next Generation EU fund.

Total investment in the projects amounts to 3,940 million euros, of which applications for European funds totaling 1,625 million euros have been made.

All the investments entail renewable energy projects, mainly power storage, smart grids and digital communication systems.

Inauguration of Portuguese plants

On May 17, 2021, the Group inaugurated, in a ceremony with representatives of the Portuguese government, its four photovoltaic plants of 63 MW in Portugal.

Collaboration agreement with Enagás

On November 4, 2021, Solaria and Enagás signed a collaboration agreement to study the potential joint development of a green hydrogen plant, for which up to 200 MWp of photovoltaic solar energy would be earmarked.

3. Financial information

3.1. Consolidated income statement

The consolidated income statement for the first nine months of 2021 and 2020 is as follows:

CONSOLIDATED INCOME STATEMENT				
Thousands of euros (€K)	9M 2021	9M 2020	Absolute change	Relative change
Revenue	*70,753*	*40,957*	*29,796*	*73%*
Other income	*9,440*	*7,591*	*1,849*	*24%*
TOTAL REVENUE	***80,193***	***48,548***	***31,645***	***65%***
Personnel expenses	*(5,703)*	*(4,578)*	*(1,125)*	*25%*
Operating expenses	*(4,473)*	*(6,327)*	*1,854*	*(29%)*
EBITDA	***70,017***	***37,643***	***32,374***	***86%***
EBITDA/revenue	*99%*	*92%*		
Amortization and depreciation, and impairments	*(14,143)*	*(11,657)*	*(2,486)*	*21%*
EBIT	***55,874***	***25,986***	***29,888***	***115%***
EBIT/revenue	*79%*	*63%*		
Net finance expense	*(11,409)*	*(9,373)*	*(2,036)*	*22%*
Profit before tax	***44,465***	***16,613***	***27,852***	***168%***
Income tax expense	*(6,892)*	*8,516*	*(15,408)*	*(180%)*
NET PROFIT	***37,573***	***25,129***	***12,444***	***50%***
Net profit/revenue	*53%*	*61%*		

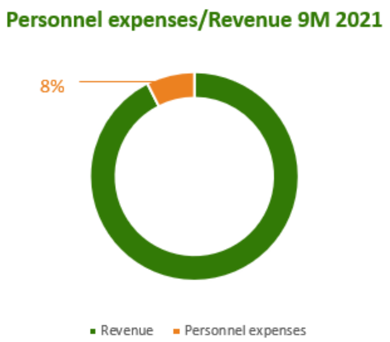
Revenue

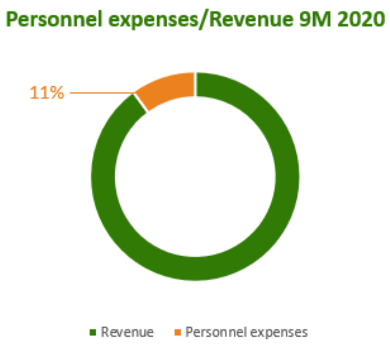
The Group reported revenue of 70,753 thousand euros in the first nine months of 2021, up 73% year-on-year. This healthy performance was underpinned by the increase in output thanks to the connection of the new photovoltaic plants, as set out in the business plan.

Personnel expenses

The change in ***personnel expenses*** was the result of the higher average number of employees at the Group compared to the year before. New staff was required to undertake the Group's ongoing expansion process.

However, personnel expenses as a percentage of revenue were lower than in 9M 2020, due to higher revenue driven by the Group's cost-streamlining policy, as illustrated in the following charts:

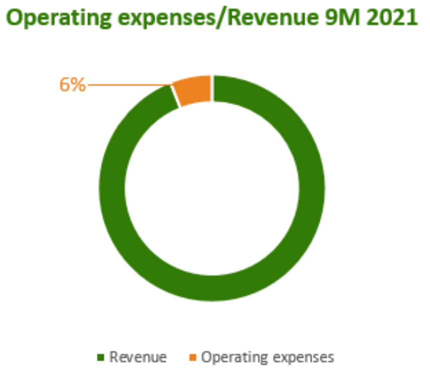


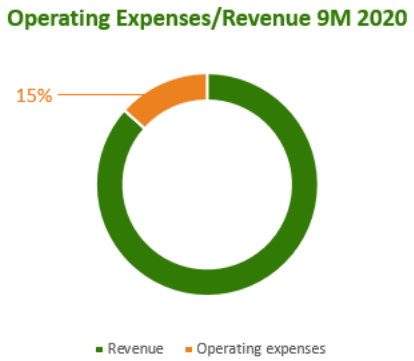


Operating expenses

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 for the year's last two quarters.

The following chart shows operating expenses as a percentage of revenue in 9M 2021 and 2020:





Amortization and depreciation

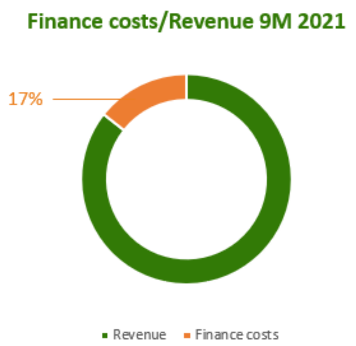
The change in the balance of ***amortization and depreciation*** was due to the impact of depreciation charges for the new plants commissioned by the Group that entered into operation at the end of 2020 and in 2021.

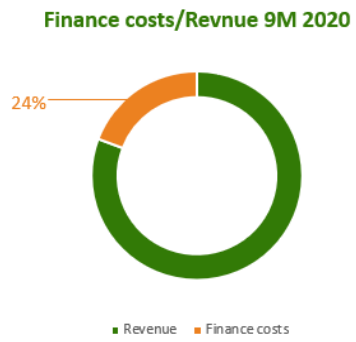
Net finance expense

Net finance expense increased in the first nine months of 2021 due to the recognition of finance costs related to the transactions carried out to finance new plants whose accrual had yet to be commence the year before.

New borrowings issued by the Group (Point 2) bear a lower financial cost than the Group's previous financing. This should improve the Finance cost/Debt ratio and, accordingly, add further momentum to the Group's earnings.

The charts below show the changes in third-party finance costs as a percentage of revenue from 24% in 9M 2020 to 17% in 9M 2021.





Conclusion

Overall, the Group's income statement for the nine months ended September 30, 2021 showed growth in revenue in line with the business plan (Point 5) and lower operating expenses and finance costs as a percentage of revenue.

This resulted in higher cash generation by the Group (+98%) each year, which was used to invest in new projects (**+167 million euros**) without the need to use previously generated cash to have an increasingly sound balance sheet.

3.2. Consolidated balance sheet

The Group's **consolidated balance sheet** as at September 30, 2021 and December 31, 2020 is as follows:

Thousands of euros (€K)	09/30/2021	12/31/2020	Absolute change	Relative change
Non-current assets	**822,206**	**609,897**	**212,309**	**35%**
Intangible assets	109,592	45,584	64,008	140%
Property, plant and equipment	650,633	496,431	154,202	31%
Deferred tax assets	61,301	67,224	(5,923)	(9%)
Other non-current financial assets	680	658	22	3%
Current assets	**201,638**	**105,611**	**96,027**	**91%**
Trade and other receivables	39,733	23,270	16,463	71%
Other current financial assets	976	1,033	(57)	(6%)
Cash and cash equivalents	160,929	81,308	79,621	98%
TOTAL ASSETS	**1,023,844**	**715,508**	**308,336**	**43%**

Thousands of euros (€K)	09/30/2021	12/31/2020	Absolute change	Relative change
Equity	**262,603**	**222,514**	**40,089**	**18%**
Capital and share premium	310,926	310,926	-	-
Other reserves	5,311	5,311	-	-
Retained earnings	(46,303)	(83,876)	37,573	(45%)
Valuation adjustments	(7,331)	(9,847)	2,516	(26%)
Non-current liabilities	**570,310**	**406,546**	**163,764**	**40%**
Long-term bonds and debentures	122,852	115,753	7,099	6%
Financial liabilities arising from bank borrowings	338,669	241,540	97,129	40%
Finance lease payables	105,975	44,398	61,577	139%
Derivative financial instruments	2,814	4,855	(2,041)	(42%)
Current liabilities	**190,931**	**86,448**	**104,483**	**121%**
Short-term bonds and debentures	52,639	5,781	46,858	811%
Financial liabilities arising from bank borrowings	11,375	9,403	1,972	21%
Finance lease payables	2,016	1,338	678	51%
Derivative financial instruments	773	1,044	(271)	(26%)
Trade and other payables	124,128	68,882	55,246	80%
TOTAL LIABILITIES	**1,023,844**	**715,508**	**308,336**	**43%**

Intangible assets

Additions related to the new surface rights under IFRS 16 arising from the lease of land where the Group has the new PV plants.

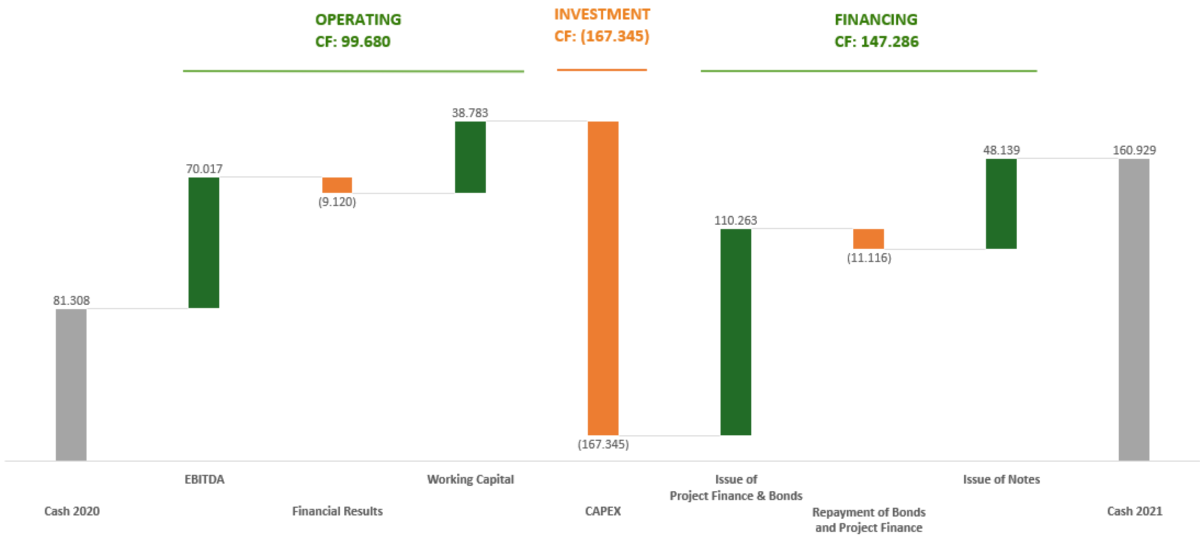
Property, plant and equipment

The Group incurred costs for property, plant and equipment in the first nine months of 2021 of 167,345 thousand euros for the new plants currently being built. This increase was in line with the targets disclosed.

Cash

Changes in Group's consolidated statement of cash flows for the nine months ended September 30, 2021 are as follows:

CASH FLOWS BY ACTIVITY (K€)



Borrowings

The change in the composition of borrowings in the first nine months of 2021 was the result of the following:

- The increase in bank borrowings following new drawdowns from project debt made in 2021 as construction of the 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 bonds and debentures was driven by the placement of 48.1 million euros, net of arrangement and interest expenses, as part of the commercial paper program registered in the MARF. The increase in long-term bonds and debentures was the result of the new financing taken out with La Banque Postale for projects in Portugal.

Conclusion

To conclude the balance sheet analysis, we would highlight the Group's sound 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.

The Group also has undrawn available financing facilities to meet its current liabilities and is currently working on a refinancing deal that would provide it with a sizable injection of liquidity.

4. Sustainability

Solaria is a leader in PV solar generation which aims is 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:

KEY METRICS				
	Factor	9M 2021	9M 2020	Observations
ENVIRONMENT				
CO_2 emissions – Scope 1 + Scope 2	Tn CO_2	228.78	184.8	23%
CO_2 emissions – Scope 3	Tn CO_2	21.73	Not calculated	
CO_2 emissions per unit of production	gCO_2/kWh	0.35	0.85	(59%)
Environmental penalties		0	0	
Water consumed at offices	M3	361	99.70	There are no water consumption installations at our plants
PEOPLE				
Total no. of employees		134	87	54%
Management team		9		
Middle managers		19		
Technicians and interns/trainees		101		
No. of women		30	19	
Management team		0		
Middle managers		7		
Technicians and interns/trainees		19		
No. of men		104	68	
Management team		9		
Middle managers		12		
Technicians and interns/trainees		82		
No. of employees with a disability		1	2	
No. of interns/trainees		5	-	
Men		1		
Women		4		
No. of employees with permanent contract		128	75	96% of total workforce
Average age of the workforce	Years	39	41	
Average length of service	Years	3	3.3	
Average remuneration	€	46,933	44,000	
Total no. of training hours	Hours	1,047	1,044	
Reports received through the whistleblowing channel		-	3	
Disciplinary actions		-	2	

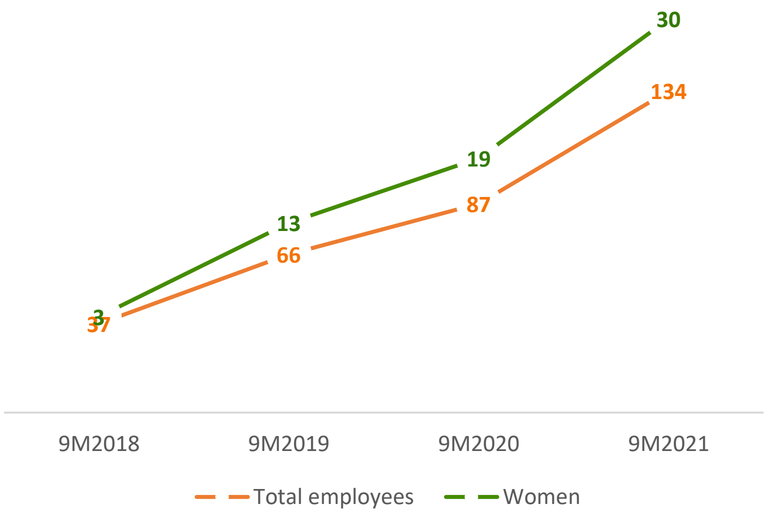
OCCUPATIONAL HEALTH AND SAFETY [1]		
Frequency rate		
Direct	-	-
Indirect	24.92	10.75
Accident rate		
Direct	-	-
Indirect	308.71	175.75
Injury rate		
Direct	-	-
Indirect	0.54	0.01

[1] Lower rates that the construction sector average (frequency rate: 37.3; accident rate: 6.606; injury rate: 1.28).

CORPORATE GOVERNANCE	
General Meeting	The General Shareholders Meeting was held on June 30, with 70.80% attendance and all proposed resolutions passed
Board of Directors	7 meetings during the period, with 100% attendance by members
Audit Committee	6 meetings during the period, with 100% attendance by members
Nomination and Remuneration Committee	3 meetings during the period, with 100% attendance by members
Ethics, Compliance and ESG Commission	2 meetings during the period, with 100% attendance by members
Ethics, Compliance and ESG Committee	1 meeting during the period, with 100% attendance by members
Diversity Committee	1 meeting during the period, with 100% attendance by members
Health and Safety Committee	1 meeting during the period, with 100% attendance by members

Climate management at Solaria goes beyond the Company's own operations, since it avoids the release of much more CO_2 into the atmosphere, thanks to the generation of green energy, than it emits through its business operation. Nevertheless, it still goes to great lengths to reduce its carbon footprint and become carbon-neutral in terms of own emissions and in its supply chain. Emissions per unit of production decreased by 59% year-on-year in 9M 2021, even considering the inclusion of part of the scope 3 emissions that were not included in the calculation during the same period of 2020.

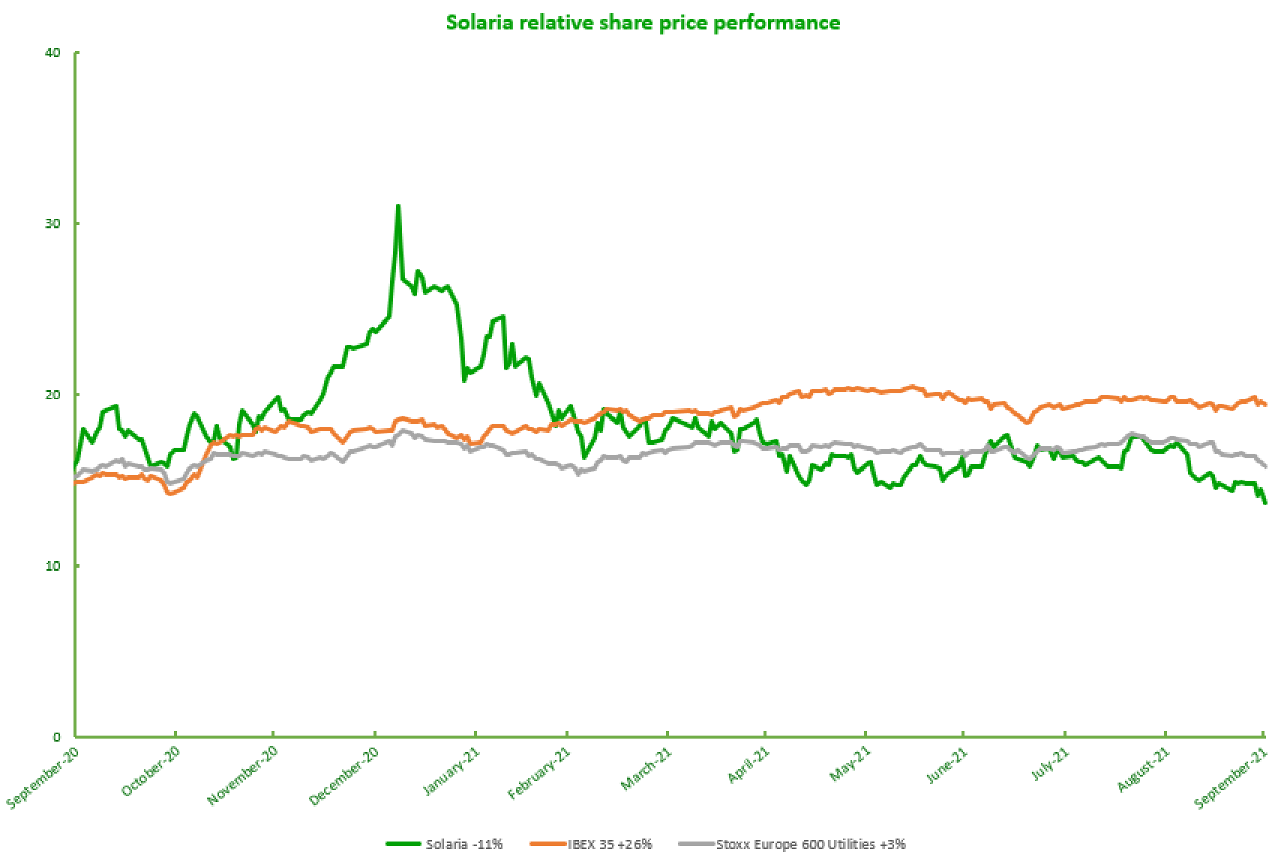
Turning to people management, Solaria consistently works hard to attract and retain talent, convinced at all times that diversity is necessary to have a good team and striving always to increase the percentage of women on its workforce. Headcount at Solaria has risen by 262% over the past four years, driven by the Company's growth, with the percentage of women employees rising by 900%.



Finally, in the year's third quarter Standard & Poor's (S&P) Global Clean Energy Index, a global benchmark in sustainability, reaffirmed Solaria's position. In September, the Index changed its criteria based on a reduction of the carbon footprint, total greenhouse gas emissions and the weighting of renewable generation.

Solaria also boosted its ESG score by Sustainalytics, a leading company that analyzes and rates the sustainability of listed companies' environmental, social and corporate governance performance.

5. Share price performance



6. Relevant information disclosed in the period

Relevant information published by the Group parent in 2021 is available by clicking on the following link:

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

7. 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) 9M 2021	9M 2020	Relevance of use
Other income	Other income + Self-constructed assets	3,626 + 5,814 = 9,440	3,069 + 4,522 = 7,591	Measure of contribution by items other than energy sales
EBITDA	Revenue + Other income + Self-constructed assets - Personnel expenses - Other operating expenses	70,753 + 3,626+ 5,814 - 5,703 – 4,473 = 70,017	40,957 + 3,069+ 4,522 - 4,578 – 6,327 = 37,643	Measure of operating profitability without considering interest, taxes, provisions, depreciation and amortization.
EBIT	EBITDA - Amortization and depreciation, and impairment losses	70,017– 14,143 = 55,874	37,643– 11,657 = 25,986	Measure of operating profitability without considering interest and taxes.
Profit before tax	EBIT ± Net finance income/(expense)	55,874– 11,409 = 44,465	25,986– 9,373 = 16,613	Measure of operating profitability without considering taxes.
Net finance income/(expense)	Finance income - Finance costs ± Exchange differences	496 – 11,905 = (11,409)	406 – 9,779 = (9,373)	Measure of finance cost.
Adjusted net profit	Net profit - Deferred taxes	37,573– 416 = 37,157	25,129– 12,669 = 12,460	Measure of profit or loss for the period excluding non-recurring items
EBITDA/revenue	$\frac{\text{Revenue} + \text{Other Income} + \text{Self} - \text{constructed assets} - \text{Personnel expenses} - \text{Other operating expenses}}{\text{Revenue}}$	$\frac{70{,}753 + 3{,}626 + 5{,}814 - 5{,}703 - 4{,}473}{70{,}753} = 99\%$	$\frac{40{,}957+3{,}069+4{,}522 - 4{,}578 - 6{,}327}{40{,}957} = 92\%$	Measure of operating profitability considering direct variable generation costs
EBIT/revenue	$\frac{\text{Revenue} + \text{Other Income} + \text{Self} - \text{Constructed assets} - \text{Personnel expenses} - \text{Other operating expenses} - \text{Amortization and Depreciation} - \text{Impairment losses}}{\text{Revenue}}$	$\frac{70{,}753 + 3{,}626 + 5{,}814 - 5{,}703 - 4{,}473 - 14{,}143}{70{,}753} = 79\%$	$\frac{40{,}957+3{,}069+4{,}522 - 4{,}578 - 6{,}327 - 11{,}657}{40{,}957} = 63\%$	Measure of operating profitability considering direct and indirect variable generation costs
Net profit/revenue	$\frac{\text{Revenue} + \text{Other Income} + \text{Self} - \text{Constructed assets} - \text{Personnel expenses} - \text{Other operating expenses} - \text{Amortization and Depreciation} - \text{Impairment losses} + \text{Finance income} - \text{Finance costs} \pm \text{Exchange differences} \pm \text{Income tax}}{\text{Revenue}}$	$\frac{70{,}753 + 3{,}626 + 5{,}814 - 5{,}703 - 4{,}473 - 14{,}143 - 11{,}409 - 6{,}892}{70{,}753} = 53\%$	$\frac{40{,}957+3{,}069+4{,}522 - 4{,}578 - 6{,}327 - 11{,}657 - 9{,}373 + 8{,}516}{40{,}957} = 61\%$	Measure of operating profitability considering direct and indirect variable generation costs, finance costs and taxes
Personnel expenses/revenue	$\frac{\text{Personnel expenses}}{\text{Revenue}}$	$\frac{5{,}703}{70{,}753} = 8\%$	$\frac{4{,}578}{40{,}957} = 11\%$	Measure of the relationship between personnel expenses and revenue from energy sales.
Operating expenses/revenue	$\frac{\text{Operating expenses}}{\text{Revenue}}$	$\frac{4{,}473}{70{,}753} = 6\%$	$\frac{6{,}327}{40{,}957} = 15\%$	Measure of the relationship between direct variable generation costs and revenue from energy sales.
Finance costs/revenue	$\frac{\text{Finance costs}}{\text{Revenue}}$	$\frac{11{,}905}{70{,}753} = 17\%$	$\frac{9{,}779}{40{,}957} = 24\%$	Measure of the relationship between project finance costs and project revenue from energy sales.