First half 2020 earnings

30 September 2020

Renedo power plant, Spain

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Regulation
The development, construction and operation of solar PV parks are highly regulated activities and Solaria conducts its operations in many countries and jurisdictions, which are governed by different laws and regulations. Such laws and regulations require licenses, permits and other approvals to be obtained and maintained in connection with the operation of its activities. The procedures for obtaining such licenses, permits and other approvals vary from country to country, making it onerous and costly to track the requirements of individual localities and comply with the varying standard.

In addition, this regulatory framework imposes significant actual, day-to-day compliance burdens, costs and risks on us. In particular, in the countries where Solaria operates, solar PV parks are subject to strict EU (for those located in Spain, Italy and Greece), national, regional and local regulations relating to their operation and expansion (including, among other things, land use rights, regional and local authorizations and permits necessary for the construction and operation of facilities, permits on landscape conservation, noise, hazardous materials or other environmental matters and specific requirements regarding the connection and access to the electric transmission and/or distribution networks). Non-compliance with such regulations could result in the revocation of permits, sanctions, fines or even criminal penalties. Compliance with regulatory requirements may result in substantial costs to Solaria's operations that may not be recovered.
In addition, Solaria cannot predict whether the permits will attract significant opposition (public or otherwise including on account of litigation) or whether the permitting process will be lengthened due to administrative complexities and appeals.
Additionally, changes to these laws and requirements or of its interpretation by regulatory authorities and courts or the implementation of new such regulations affecting the solar PV parks in Solaria's portfolio may result in significant additional expenses and may have a material adverse effect on Solaria's business, financial condition, results of operations and cash flows to the extent that Solaria cannot comply with such laws. Thus, laws and regulations could be changed to provide for new rate programs that undermine the economic returns for both new and existing solar PV parks in operation by charging additional, non-negotiable fixed or demand charges or other fees or reductions in the number of solar PV projects allowed under net metering policies. These changes may make the development of a solar PV park infeasible or economically disadvantageous and any expenditure Solaria may have made on such solar PV park may be wholly or partially written off.
Solaria also faces regulatory risks imposed by various transmission providers and operators, including regional transmission operators and independent system operators, and their corresponding market rules. These regulations may contain provisions that limit access to the transmission grid or allocate scarce transmission capacity in a particular manner, which could materially and adversely affect Solaria's business, financial condition, results of operations and cash flows.
To the extent Solaria enters into new markets in different jurisdictions, Solaria will face different regulatory regimes, business practices, governmental requirements and industry conditions. As a result, Solaria's prior experiences and knowledge in other jurisdictions may not be relevant, and Solaria may spend substantial resources familiarizing itself with the new environment and conditions.
Pipeline
Solaria's current business strategy requires the successful completion of the development and operation of the projects in its portfolio and its plans to further organically grow such portfolio of solar PV parks. As part of Solaria's growth plan, Solaria may acquire solar PV parks in different development stages.
The development of the projects in Solaria's pipeline involves numerous risks and uncertainties and requires extensive funding, research, planning and due diligence. Solaria may be required to incur significant amounts of capital expenditure for land viability analysis, land and interconnection rights, preliminary engineering, permitting, legal and other expenses before it can determine whether a solar PV park is economically, technologically or otherwise feasible.
Difficulties that Solaria may face when executing this development and growth strategy include:

- obtaining and maintaining required construction, environmental and other permits, licenses and approvals; securing suitable project sites, necessary rights of way and satisfactory land rights (including land use) in the appropriate locations with capacity on the transmission grid;
- unanticipated changes in project plans;
- connecting to the power grid on schedule and within budget;
- connecting to the power grid if there is insufficient grid capacity;
- identifying, attracting and retaining qualified development specialists, technical engineering specialists and other key personnel;
- entering into PPAs or other arrangements that are commercially acceptable and adequate to obtain third-party financing therefor;
- securing cost-competitive financing on attractive terms;
- the availability of solar PV modules and other specialized equipment, increases in their prices and negotiating favorable payment terms with suppliers;
- negotiating satisfactory engineering, procurement and construction ("EPC") agreements;
- satisfactorily completing construction on schedule, avoiding defective or late execution by providers and contractors labor, including equipment and materials supply delays, shortages or disruptions, work stoppages or labor disputes;
- cost over-runs, due to any one or more of the foregoing factors;
- operating and maintaining solar PV parks efficiently to maintain the power output and system performance; and
- accurately prioritizing geographic markets for entry, including estimates on addressable market demand.

Accordingly, some of the pipeline solar PV projects may not be completed or even proceed to construction and Solaria may not be able to recover any of the amounts invested.
All the foregoing shall be taking into account by those persons or entities which have to take decisions or issue opinions relating to the securities issued by Solaria. All such persons or entities are invited to consult all public documents and information of the Company registered within the Spanish Securities Market Commission, including the Exchange Information.

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Key Highlights

1H20 highlights
Production record

Strong earnings

- Record of energy production (+262%), revenues (+41%), EBITDA (+39%) and net profit (+49%) registered strong growth, owing to operation of new plants and recording of tax credits.
- Strong financial situation:
  - ✓ Strong balance sheet — Cash stable and leverage under control
  - ✓ Uruguay refinancing — 1st green bond. BBB rating by S&P; Recap USD 5.8mn. Dividends x2
- New PPA
  - ✓ Physical 10Y PPA signed with the Swiss company Axpo
  - ✓ 1005MW secured

Projects update

- Construction pace — 668 MW installed and under construction
- Capex low record — New projects = 395,000 EUR/MW

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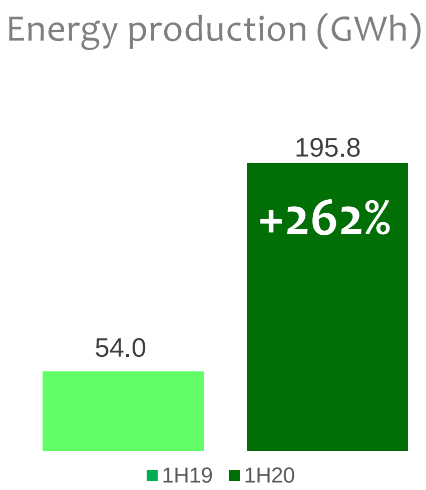
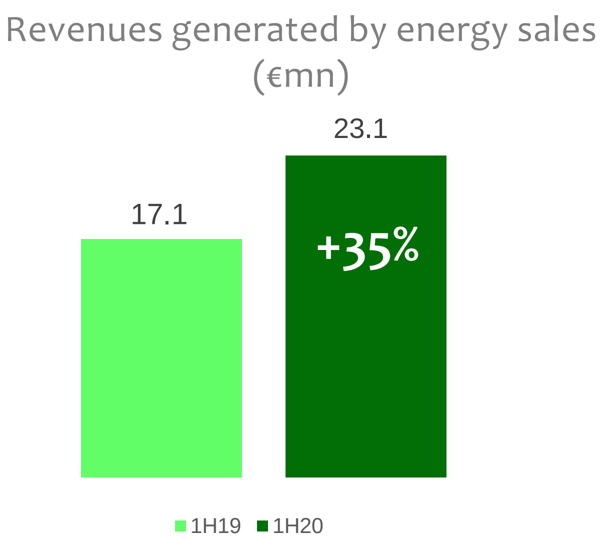
Strong Earnings

1H20 Earnings

New energy production record



Energy production up by over 262% to 195.8GWh, new record in Solaria history.

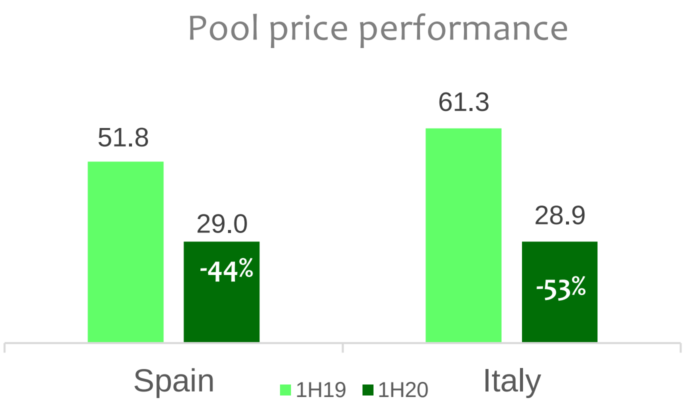


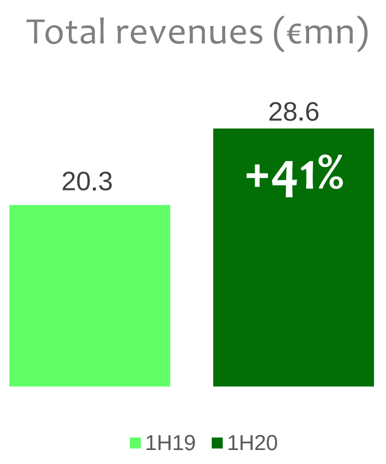
Revenues generated by **energy sales up 35%.**

1H20 Earnings

Solid operating earnings

Low pool prices in 1H due to **abundant hydro and wind generation** and **significant decline (-8.3%) in electricity demand from end of March** due to Covid-19.



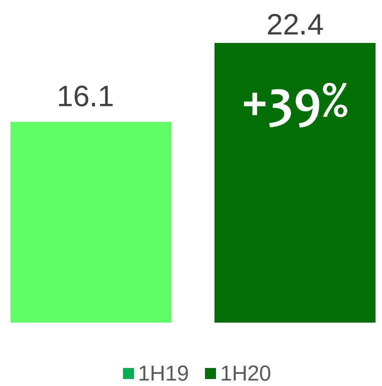


Despite sharp pool price decrease in 1H20, total revenues up +41%, in line with growth of energy sales owing to **regulated revenues and PPA protection.**

1H20 earnings

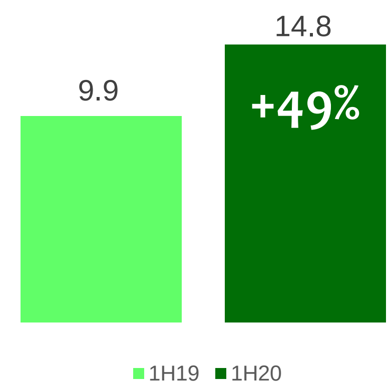
Outstanding profit

EBITDA (€mn)



EBITDA reached €22.41mn, up +39% in line with growth of total revenues thanks to strict personnel expenses (+28%) and operating expenses(1) (+35%) control.

Net profit (€mn)



Net profit up (+49%), from €9.9mn to 14.8mn, underpinned by **capitalisation of €6.5mn tax credit**, recognised due to **higher visibility** of future cash flow generation.

1 Without power-generation tax freeze in 1Q19 effect.

1H20 Earnings

Cash under control in a high growth period

	Cash (€mn)
1H19	75.7(1)
1H20	77
Δ	+1.7%

Efficient cash management

€88 mn

Cash as of Sept. 30

	Working capital (€mn)
1H19	54.6
1H20	67
Δ	+17%

	Adjusted net Financial debt(2) (€mn)	Tangible fixed assets (€mn)
2019	239	385
1H20	251	405
Δ	+12	+20

Upturn in NFD (+12M EUR)
in line
with increase in fixed-asset base (+20M EUR)

NFD/EBITDA

5.6 x

Leverage under control

99% long-term debt = Non-recourse debt associated with high cash flow generation PV solar assets

1 Removing commercial-paper issuance and cancellation impact. 10 €mn commercial papers issued in April 2019 and cancelled in April 2020.

2 Financial debt = long- & short-term obligations and bonds + long-and short-term financial liabilities with credit institutions + short-term liabilities with commercial creditors – short-term assets with commercial debtors

1H20 Earnings

Securing growth financing
Uruguayan asset refinancing

Power	**22.7 MW**
Debt	Green Bond = **Non-recourse debt**
Interest rate	**Lower interest rate**
Duration	**20Y. Longer tenor +6 years**
Amount	**€ 29mn**
Plants	**2 PV Plants** located in Yarnel and Natelu in Uruguay
Investor	Deal approved by **US Insurance company**

Recap	**USD 5.7mn**
Dividends	**+ 50%**

1st GREEN BOND OF THE COMPANY

BBB

Strong cash flow
High visibility
Improved profitability

Investment grade rating assigned by S&P on September

1H20 Earnings

Securing growth financing
New 150MW PPA signed with Axpo

Counterpart	axpo
MW	**150 MW**
Duration	**10 years**
Modality	**Physical**
Plants	**3 PV Plants** located in Castile and León and Castilla-La Mancha
COD	**2021**

48,000 tons/Y

CO_2 emissions avoided

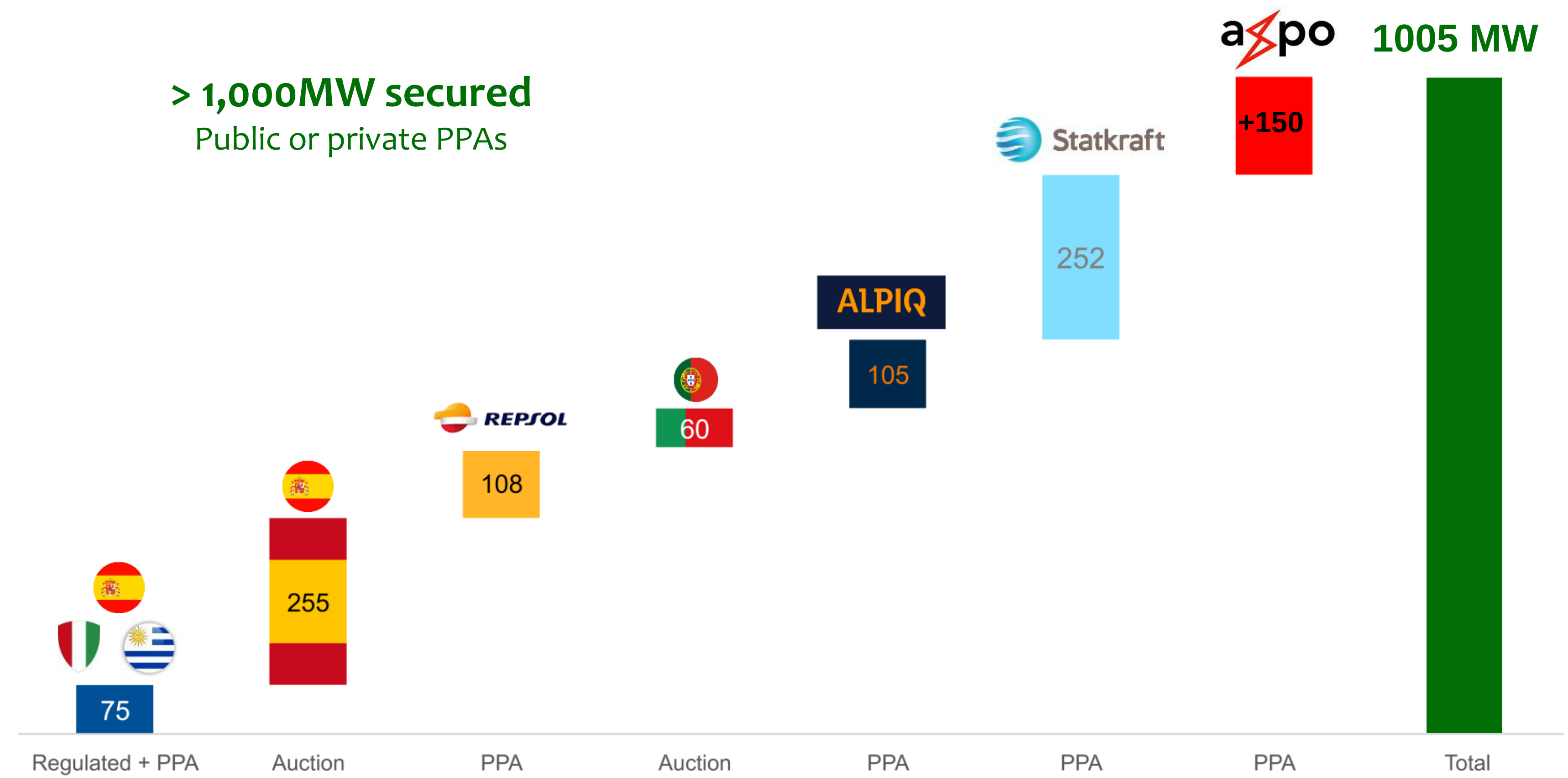
73,000 Households

Equivalent consumption

EVEN IN COVID-19 NEW WORLD, WE ARE ABLE TO SECURE LONG TERM CASH FLOW AND MAINTAIN OUR 12% PROJECT IRR TARGET

1H20 Earnings

Securing growth financing
1,005MW secured



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Projects Update

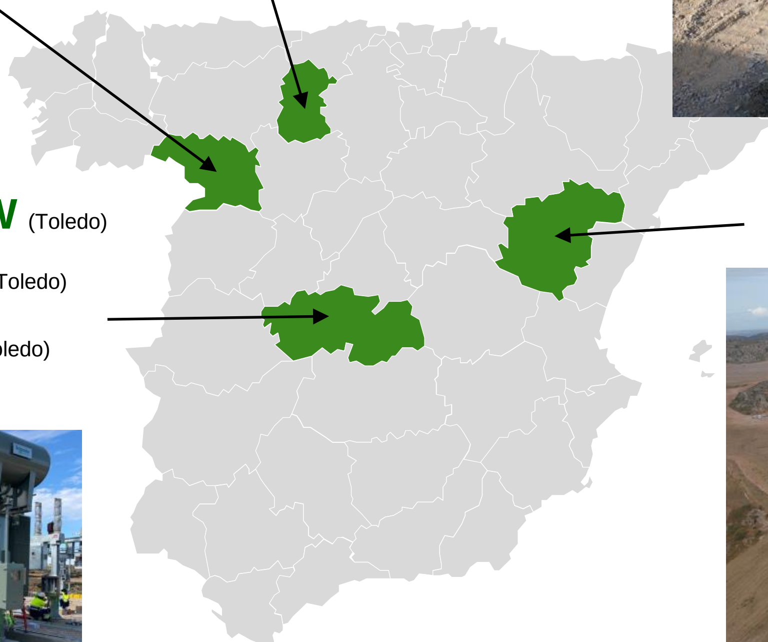
Pace of construction

668 MW installed and under construction
257.5 MW under construction

"CAPRICORNIUS" **25 MW** (Palencia)

"SIGMA I" **30 MW** (Palencia)

"SIRIUS" **50 MW** (Zamora)



"TOLEDO 1" **22 MW** (Toledo)

"TOLEDO 2" **50 MW** (Toledo)

"CASTOR" **50 MW** (Toledo)

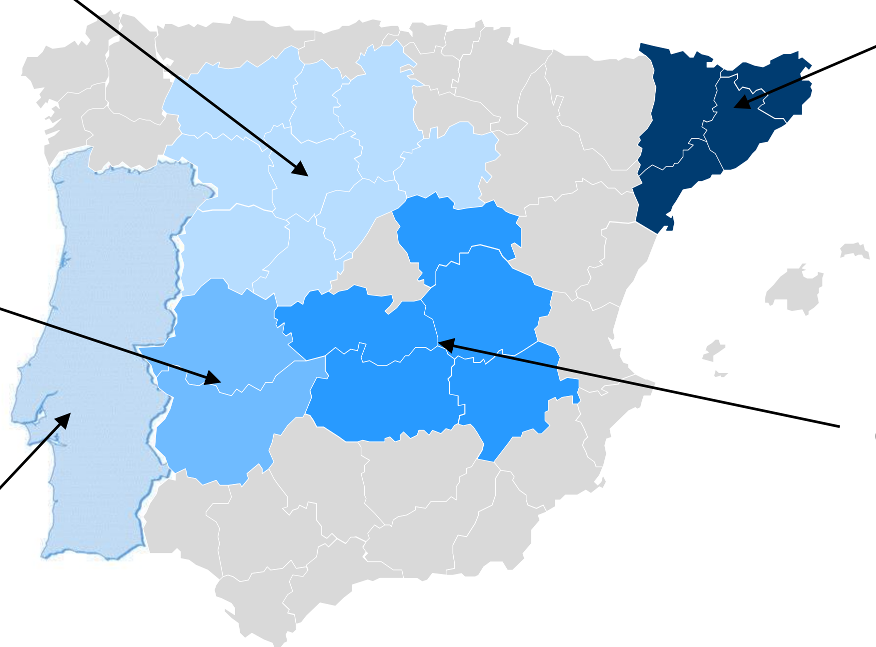
"CEPHEUS" **30.50 MW** (Teruel)

Pace of construction

668 MW installed and under construction
707MW construction to be launched

CASTILE AND LEÓN
354 MW
8 projects

CATALONIA
180 MW
4 projects



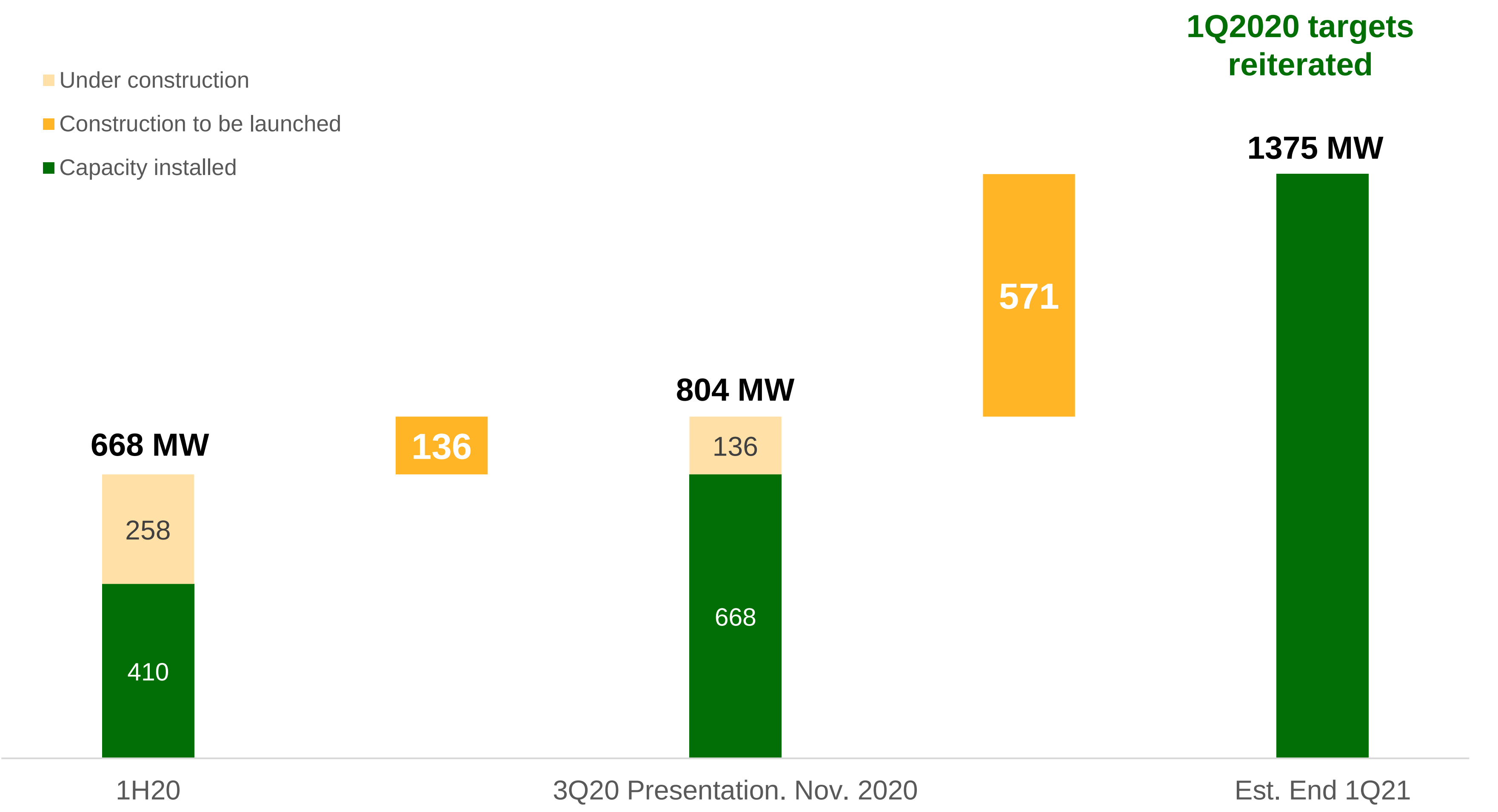
EXTREMADURA
20 MW
1 project

CASTILLA-LA MANCHA
90 MW
2 projects

PORTUGAL
63 MW
4 projects

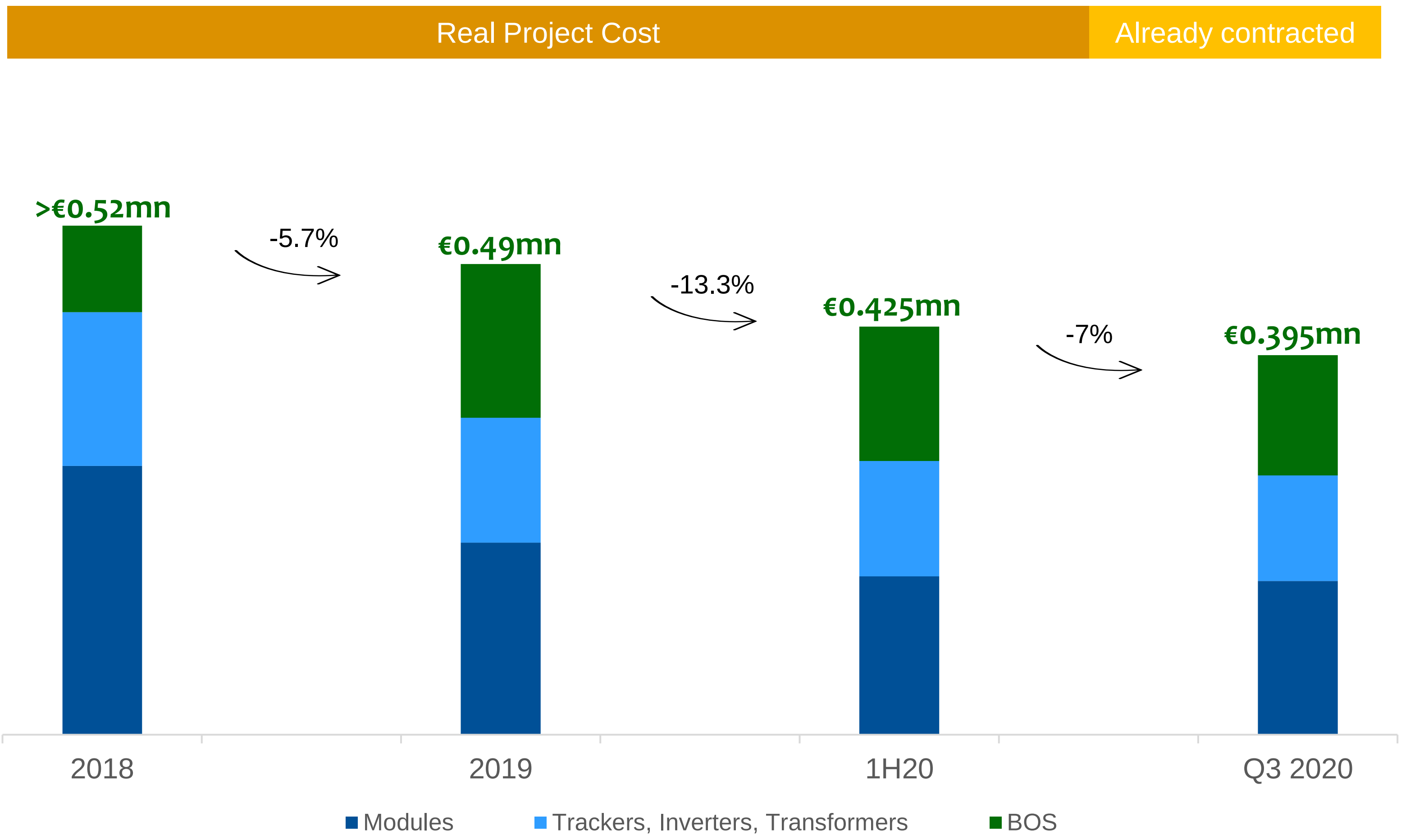
Pace of construction

668 MW installed and under construction
707MW construction to be launched



Capex still down

Decrease surpasses our more optimistic view



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Appendix

Profit and Loss Statement

THOUSAND OF EUROS	1H20	1H19	Absolute change	Relative change
Net sales	23,115	17,100	6,015	35%
Other income and earnings	5,527	3,193	2,334	73%
Total revenues	**28,642**	**20,293**	**8,349**	**41%**
Personnel expenses	(2,775)	(2,169)	(606)	28%
Operating expenses	(3,460)	(2,047)	(1,413)	69%
EBITDA	**22,407**	**16,077**	**6,330**	**39%**
EBITDA / Net sales	97%	94%		
Amortisation	(7,516)	(6,337)	(1,179)	19%
EBIT	**14,891**	**9,740**	**5,151**	**53%**
EBIT / net sales	64%	57%		
Financial Income/Loss	(6,592)	(5,017)	(1,575)	31%
Profit before tax	**8,299**	**4,723**	**3,576**	**76%**
Tax	6,480	5,208	1,272	24%
NET PROFIT / (NET PDA)	**14,779**	**9,931**	**4,848**	**49%**
net profit/ net sales	64%	58%		

Balance Sheet: Assets

Thousands of euros	06/30/2020	12/31/2019	Absolute change	Relative change
Non-current assets	490,753	462,386	28,367	6%
Intangible assets	26,302	24,255	2,047	8%
Tangible fixed assets	404,934	384,678	20,256	5%
Deferred tax assets	58,756	52,809	5,947	11%
Other non-currents financial assets	761	644	117	18%
Current assets	104,279	138,140	(33,861)	-25%
Commercial Debtors and other accounts receivables	26,398	19,493	6,905	35%
Other current assets	992	466	527	113%
Cash and other equivalent assets	76,889	118,181	(41,292)	-35%
Total Assets	595,032	600,256	(5,494)	-1%

Balance Sheet: Liabilities

Solaria

Thousands of euros	06/31/2020	12/31/2019	Absolute change	Relative change
Equity	208,343	193,258	15,085	8%
Capital and share premium	310,926	310,926	-	0%
Other reserves	5,311	5,311	-	0%
Retained earnings	(99,511)	(114,290)	14,779	-13%
Value adjustments	(8,383)	(8,689)	306	-4%
Non-current liabilities	349,586	326,254	23,332	7%
Non-current provisions	700	437	263	60%
Obligations and long term bonds	118,682	123,154	(4,472)	-4%
Financial liabilities with credit institutions	200,897	175,839	25,058	14%
Financial lease creditors	26,532	24,524	2,008	8%
Derivative financial instruments	2,755	2,300	475	21%
Current liabilities	37,103	81,014	(43,910)	-54%
Obligations and short term bonds	5,560	15,500	(9,940)	-64%
Financial liabilities with credit institutions	7,940	9,404	(1,464)	-16%
Financial lease creditors	1,671	1,563	109	7%
Derivatives instruments	976	809	167	21%
Commercial creditors and other accounts payable	19,841	51,421	(31,580)	-61%
Other current liabilities	1,115	2,317	(1,202)	-52%
Total Liabilities	595,032	600,526	(5,494)	-1%

Tordesillas 1 PV power plant, Spain