Report on Limited Review

SOLTEC POWER HOLDINGS, S.A. AND SUBSIDIARIES
Condensed Interim Consolidated Financial Statements
and Interim Consolidated Management Report
for the six months period ended
June 30, 2022

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REPORT ON LIMITED REVIEW OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Translation of a report originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails (See Note 20).

To the Shareholders of SOLTEC POWER HOLDINGS, S.A.:

Report on the Interim Condensed Consolidated Financial Statements

Introduction

We have carried out a limited review of the accompanying interim condensed consolidated financial statements (hereinafter the interim financial statements) of SOLTEC POWER HOLDINGS, S.A. (hereinafter the parent) and subsidiaries (hereinafter the Group), which comprise the condensed consolidated statement of financial position as of June 30, 2022, and income statement, the statement of comprehensive income, the statement of changes in equity, the cash flow statement and the explanatory notes, all of them condensed and consolidated, for the six months period then ended. The parent's directors are responsible for the preparation of said Interim financial statements in accordance with the requirements established by IAS 34, "Interim Financial Reporting", as adopted by the European Union for the preparation of interim condensed financial reporting in conformity with article 12 of Royal Decree 1362/2007. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of review

We have performed our limited review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Reporting Performed by the Independent Auditor of the Entity". A limited review of interim financial statements consists of making enquiries, primarily of personnel responsible for financial and accounting matters and applying analytical and other review procedures. A limited review is substantially less in scope than an audit carried out in accordance with regulations on the auditing of accounts in force in Spain and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the accompanying interim financial statements.

Conclusion

During the course of our limited review, which under no circumstances can be considered as an audit of financial statements, no matter came to our attention which would lead us to conclude that the accompanying interim financial statements for the six months period ended June 30, 2022 have not been prepared, in all material respects, in accordance with the requirements established by International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union in conformity with article 12 of Royal Decree 1362/2007 for the preparation of interim condensed consolidated financial statements.

Emphasis of matter

We draw attention to the matter described in the accompanying explanatory Note 2.2 in the interim financial statements, which indicates that the abovementioned accompanying interim financial statements do not include all the information that would be required for complete consolidated financial statements prepared in accordance with International Financial Reporting Standards, as adopted by the European Union. Therefore, the accompanying interim condensed consolidated financial statements should be read in conjunction with the Group's consolidated financial statements for the year ended December 31, 2021. This matter does not qualify our conclusion.

Report on other legal and regulatory reporting requirements

The accompanying interim consolidated management report for the six months period ended June 30, 2022 contains such explanations as the parent's directors consider necessary regarding significant events which occurred during this period and their effect on these interim financial statements, of which it is not an integral part, as well as on the information required in conformity with article 15 of Royal Decree 1362/2007. We have checked that the accounting information included in the abovementioned report agrees with the interim condensed consolidated financial statements for the six months period ended on June 30, 2022. Our work is limited to verifying the interim consolidated management report in accordance with the scope described in this paragraph and does not include the review of information other than that obtained from the accounting records of SOLTEC POWER HOLDINGS, S.A. and its subsidiaries.

Paragraph on other issues

This report has been prepared at the request of the Board of Directors of SOLTEC POWER HOLDINGS, S.A. with regard to the publication of the semi-annual financial report required by article 119 of Royal Legislative Decree 4/2015, of October 23.

ERNST & YOUNG, S.L.

(Signed in the original version)

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Richard van Vliet

September 14, 2022

Soltec Power Holdings, S.A. and subsidiaries

Condensed interim consolidated financial statements for the six months ended 30 June 2022, drawn up in accordance with International Financial Reporting Standards (IFRS) and consolidated management report.

SOLTEC POWER HOLDINGS, S.A. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2022

ASSETS	Notes	Thousands of euros 30/06/2022	Thousands of euros 31/12/2021	SHAREHOLDERS' EQUITY AND LIABILITIES	Notes	Thousands of euros 30/06/2022	Thousands of euros 31/12/2021
NON-CURRENT ASSETS				EQUITY			
Intangible assets	6	27,650	19,448	Capital and reserves			
Development		4,434	4,492	Share capital	12.1	22,847	22,847
Other intangible assets		23,216	14,956	Share premium		143,472	143,472
Property, plant and equipment	7	150,223	92,176	Reserves	12.2	(6,480)	(6,646)
Land and buildings		3,539	3,620	(Shares of the Parent)	12.3	(4,802)	(4,632)
Plant and other property, plant and equipment		5,702	5,204	Translation differences	12.5	223	(6,884)
Property, plant and equipment in progress and advances		140,982	83,352	Loss attributed to the Parent	12.4	(9,962)	(1,125)
Right of use	8	16,664	16,740	Equity attributed to the Parent		145,298	147,032
Investments in companies accounted for using the equity method		26,584	26,030	Non-controlling interests		(34)	(52)
Investments in companies accounted for using the equity method	9	23,941	23,297	Total equity		145,264	146,980
Loans to companies accounted for by the equity method		2,643	2,733				
Non-current financial assets	10.1	13,016	7,707	NON-CURRENT LIABILITIES			
Deferred tax assets	14.2	24,943	21,959	Non-current financial liabilities	10.2	74,009	16,158
Total non-current assets		259,080	184,060	Non-current provisions	13	2,893	2,884
				Deferred tax liabilities	14.3	1,480	1,269
CURRENT ASSETS				Total non-current liabilities		78,382	20,311
Inventories	11	74,461	70,853	CURRENT LIABILITIES			
Receivables and other current assets	10.1	138,475	155,380				
Customer receivables for sales and services		137,573	154,611	Current financial liabilities	10.2	101,436	98,285
Sundry debtors		902	769	Current bank borrowings		94,476	92,781
Receivables from public administrations	14.1	29,439	17,081	Other current financial liabilities		3,787	3,744
Current tax assets		594	790	Derivatives		3,173	1,760
Other receivables from public administrations		28,845	16,291	Trade and other payables	10.2	198,523	205,015
Short-term investments in Group companies and associates		1,954	1,034	Suppliers		150,159	159,621
Current financial assets	10.1	6,493	6,337	Other accounts payable		48,364	45,394
Other current financial assets		1,149	4,910	Payables to public administrations	14.1	11,193	4,809
Derivatives		5,344	1,427	Current tax liabilities		811	104
Other current assets		5,940	6,026	Other debts with public administrations		10,382	4,705
Cash and cash equivalents	10.1	21,470	36,180	Current provisions	13	2,514	1,551
Total current assets		278,232	292,891	Total current liabilities		313,666	309,660
TOTAL ASSETS		537,312	476,951	TOTAL EQUITY AND LIABILITIES		537,312	476,951

Notes 1 through 18 are an integral part of the condensed consolidated statement of financial position at 30 June 2022.

SOLTEC POWER HOLDINGS, S.A. AND SUBSIDIARIES

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022

	Notes	Thousands of euros 30/06/2022	30/06/2021
Revenue	16.1	244,533	87,054
Changes in inventories of finished and semi-finished products	11	262	2,149
Other operating income	16.3	832	1,553
Works performed by the Group for its assets		31,396	3,163
Supplies	16.2	(178,150)	(69,282)
Personnel expenses	16.4	(32,958)	(22,014)
Other operating expenses	16.5	(72,099)	(28,851)
Depreciation of property, plant and equipment	6, 7 and 8	(1,875)	(1,859)
Reversion of provisions		(129)	985
Gains/(losses) on disposal of fixed assets and other		-	(549)
Result from loss of control over SPVs	5	-	6,863
Other profit/loss	16.6	(1,977)	(1,828)
OPERATING LOSS		(10,165)	(22,616)
Financial income		171	5
Financial expenses	16.7	(2,720)	(2,801)
Changes in fair value of financial instruments	10.3	(11,791)	453
Translation differences		15,013	(2,161)
Loss of net monetary position		-	(49)
FINANCIAL PROFIT		673	(4,553)
Share in losses of companies accounted for by the equity method, net of dividends	9	(27)	(160)
LOSS BEFORE TAX		(9,519)	(27,329)
Income tax	14	(449)	7,460
CONSOLIDATED LOSS FOR THE YEAR		(9,968)	(19,869)
Loss attributed to the Parent		(9,962)	(19,858)
Loss attributed to non-controlling interests		(6)	(11)
Profit/loss per share	17		
Basic profit/loss per share		(0,109)	(0,218)
Diluted profit/loss per share		(0,109)	(0,218)

Notes 1 to 18 to the accompanying financial statements form an integral part of the condensed consolidated income statement
for the six months ended 30 June 2022.

SOLTEC POWER HOLDINGS, S.A. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Notes	Thousands of euros	
		30/06/2022	30/06/2021
CONSOLIDATED LOSS FOR THE YEAR (I)		(9,968)	(19,869)
Items that can be reclassified into profit/loss for the financial year	12.5	7,107	1,221
- Translation differences		7,107	1,221
- Translation differences			
OTHER CONSOLIDATED COMPREHENSIVE INCOME/LOSS (II)		7,107	1,221
Transfers to the consolidated income statement		-	2,950
- Positive translation differences		-	2,950
TOTAL TRANSFERS TO THE CONSOLIDATED INCOME STATEMENT (III)		-	2,950
TOTAL CONSOLIDATED COMPREHENSIVE INCOME/EXPENSE (I+II+III)		(2,861)	(15,698)
Total comprehensive income/loss attributed to the Parent		(2,855)	(15,687)
Total comprehensive loss attributed to non-controlling interests		(6)	(11)

Notes 1 through 18 are an integral part of the condensed consolidated statement of comprehensive income for the six month period ended on 30 June 2022

SOLTEC POWER HOLDINGS, S.A. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIXT-MONTH PERIOD ENDED 30 JUNE 2022

	Thousands of euros							
	Share capital	Share premium	Reserves	Own shares	Loss attributed to the Parent	Translation differences	Non-controlling interests	TOTAL
OPENING BALANCE AT 1 JANUARY 2021	22,847	143,472	(6,816)	-	(4,918)	(12,116)	(8)	142,461
Total consolidated comprehensive income/loss for the period	-	-	-	-	(19,858)	4,171	(11)	(15,698)
Transactions with shareholders or owners	-	-	1,490	(4,205)	-	-	-	(2,715)
Transactions with shares of the Parent, net (Note 12.3)	-	-	(24)	(4,205)	-	-	-	(4,229)
Recognition of share-based payments (note 16.4)	-	-	1,514	-	-	-	-	1,514
Other changes in equity	-	-	(3,144)	-	4,918	-	-	1,774
Distribution of profit/(loss) for the year	-	-	(4,918)	-	4,918	-	-	-
Other changes	-	-	1,774	-	-	-	-	1,774
CLOSING BALANCE AT 30 JUNE 2021	22,847	143,472	(8,470)	(4,205)	(19,858)	(7,945)	(19)	125,822
OPENING BALANCE AT 1 JANUARY 2022	22,847	143,472	(6,646)	(4,632)	(1,125)	(6,884)	(52)	146,980
Total consolidated comprehensive income/loss for the period	-	-	-	-	(9,962)	7,107	(6)	(2,861)
Transactions with shareholders or owners	-	-	1,673	(170)	-	-	-	1,503
Transactions with shares of the Parent, net (Note 12.3)	-	-	170	(170)	-	-	-	-
Recognition of share-based payments (note 16.4)	-	-	1,503	-	-	-	-	1,503
Other changes in equity	-	-	(1,507)	-	1,125	-	18	(364)
Distribution of profit/(loss) for the year	-	-	(1,125)	-	1,125	-	-	-
Other changes	-	-	(382)	-	-	-	24	(358)
CLOSING BALANCE AT 30 JUNE 2022	22,847	143,472	(6,480)	(4,802)	(9,962)	223	(34)	145,264

Notes 1 to 18 to the accompanying financial statements form an integral part of the condensed consolidated statement of changes in equity for the six months ended 30 June 2022.

SOLTEC POWER HOLDINGS, S.A. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Notes	Thousands of euros	
		30/06/2022	30/06/2021
CASH FLOWS FROM OPERATING ACTIVITIES (I)		(6,933)	17,507
Loss for the year before tax		(9,519)	(27,329)
Adjustments to profit/loss-		4,277	7,115
Depreciation of property, plant and equipment	6.7.8	1,875	1,859
Gains/(losses) on disposal of fixed assets and other	6	-	549
Losses, impairment and changes in provisions on trade operations		1,098	1,079
Financial income		(171)	(5)
Finance expenses	16.7	2,720	2,801
Loss of net monetary position		-	49
Change in fair value of financial instruments		11,791	(453)
Share in profit/(loss) of investments accounted for using the equity method	9	-	160
Exchange differences		(15,013)	1,880
Other income and expenses		1,977	(804)
Changes in working capital-		766	38,964
Inventories		(2,799)	(28,722)
Trade and other receivables		23,825	(10,861)
Trade and other payables		(11,617)	79,701
Other assets and liabilities		(8,643)	(1,154)
Other cash flows from operating activities-		(2,457)	(1,243)
Interest paid		(2,720)	(1,639)
Interest collected		171	5
Income tax received/(paid)		92	391
CASH FLOWS FROM INVESTING ACTIVITIES (II)		(74,289)	337
Payments for investments-		(81,891)	(11,536)
Property, plant and equipment and intangible assets		(66,653)	(8,158)
Associates		(2,508)	-
Other financial assets		(12,730)	(3,378)
Proceeds from disposals-		7,602	11,873
Property, plant and equipment and intangible assets		-	-
Associates		1,034	-
Other financial assets		6,568	11,873
CASH FLOWS FROM FINANCING ACTIVITIES (III)		60,406	(13,637)
Proceeds from and payments on equity instruments –	12.3	(170)	(4,229)
Acquisition of equity instruments from Parent company		(170)	(4,229)
Proceeds from and (payments) on financial liability instruments-		60,576	(9,408)
Issuance		60,797	-
Repayment and amortisation		(221)	(9,408)
EFFECT OF EXCHANGE RATE VARIATIONS (IV)		6,106	281
NET INCREASE/(DECREASE) OF CASH AND CASH EQUIVALENTS (I+II+III+IV)		(14,710)	4,488
Cash and cash equivalents at start of period		36,180	125,748
Cash and cash equivalents at end of period		21,470	130,236

1 General information

Soltec Power Holdings, S.A. (hereinafter, the "Parent") and subsidiaries (hereinafter, the "Group") form a consolidated group of companies operating in the renewable energy sector, particularly in the photovoltaic sector.

The Parent was formed in Murcia (Spain) on 2 December 2019, in accordance with the Spanish Limited Liability Companies Law for an indefinite period. Its registered office is at Calle Gabriel Campillo, Polígono Industrial La Serreta, s/n 30500, Molina de Segura (Murcia), where its main facilities are located. The Group also operates at facilities located in Brazil, Chile, the United States, Peru, Mexico, Argentina, Australia, India, Italy, France, China, Colombia and the United Arab Emirates.

In accordance with its Articles of Association, the Parent's corporate purpose is:

a) The execution of all kinds of activities, works and services related to the business of promotion, development, construction and maintenance of electricity generating plants, including the manufacture, supply, installation and assembly of industrial equipment and other installations for such plants.

b) Providing assistance or support services to investee companies or those within the scope of the business group, for which purpose it may provide, in their favour, the financing, guarantees and consolidations that may be appropriate.

c) The management and administration of securities representing the equity of companies that are resident and non-resident in Spain through the appropriate organization of personal and material means, provided this activity does not fall in the scope of collective investment as defined in the appropriate legislation.

At 30 June 2022, the Group was made up of two subgroups whose parent companies, Soltec Energías Renovables, S.L.U. and Powertis, S.A.U., have various corporate subsidiaries that make up the scope of the Soltec Power Holdings Group. The Group also incorporated another company during the first half of 2022, to form part of the new asset management business division, under the name Soltec Asset Management.

On 28 October 2020, the Parent's shares were admitted to trading on the Bilbao, Madrid, Barcelona and Valencia Stock Exchanges, as explained in Note 12.1.

2 Basis of presentation of the condensed interim consolidated financial statements and consolidation principles

2.1 Regulatory framework

The regulatory financial reporting framework applicable to the Group is that set out in:

- Commercial Code and other commercial legislation.

- International Financial Reporting Standards (IFRS) adopted by the European Union in accordance with the provisions of Regulation (EC) no. 1606/2002 of the European Parliament and Law 62/2003, of 30 December, on tax, administrative and social measures, as well as the applicable rules and circulars of the National Securities Market Commission.

- All other applicable Spanish accounting legislation.

The consolidated financial statements for 2021 were prepared in accordance with the regulatory financial reporting framework detailed in the preceding paragraph, so as to give a true and fair view of the consolidated equity and consolidated financial position of the Group as at 31 December 2021 and of the consolidated results of its operations, changes in consolidated equity and consolidated cash flows that have occurred in the Group during the year ended 31 December 2021.

The consolidated financial statements for 2021 were drawn up by the Parent's Board of Directors on 22 March 2022 and subsequently approved at the General Shareholders' Meeting of the Parent held on 16 May 2022.

The individual financial statements of the other companies comprising the Group for 2021, prepared by their corresponding directors, were approved by the corresponding General Shareholders' Meetings within the deadlines established by the applicable legislation.

2.2 Basis of presentation

These condensed interim consolidated financial statements are presented in accordance with International Accounting Standard (IAS) 34 — Interim Financial Reporting, and were drawn up by the Board of Directors of the Parent on 12 September 2022.

This condensed consolidated interim financial information has been prepared on the basis of the accounting records maintained by the Group and includes the adjustments and reclassifications necessary to conform the accounting and presentation criteria followed by all Group companies to those applied by Soltec.

In accordance with IAS 34, the summarised financial information is prepared solely to update the content of the latest consolidated financial statements prepared by the Group, emphasising the new activities, events and circumstances that occurred during the six-month period ended 30 June 2022 and not duplicating the information previously published in the 2021 consolidated financial statements. Therefore, the interim condensed consolidated financial statements do not include all the information that would be required for full consolidated financial statements prepared in accordance with IFRS, as adopted by the European Union.

Therefore, for a proper understanding of the information, these condensed interim consolidated financial statements should be read in conjunction with the consolidated financial statements of the Soltec Group for the year 2021.

The figures contained in the documents comprising the condensed interim consolidated financial statements (consolidated statements of financial position, consolidated income statements, consolidated statements of comprehensive income, consolidated statements of changes in equity, consolidated cash flow statements and these notes) are expressed, unless otherwise indicated, in thousands of euros.

2.3 Accounting policies

The accounting policies used in the preparation of these interim condensed consolidated financial statements are the same as those applied in the consolidated financial statements for the year ended 31 December 2021, as none of the standards, interpretations or amendments that apply for the first time in this financial year have had any impact on the Group's accounting policies.

The Group fully intends to embrace those standards, interpretations and amendments to standards issued by the IASB that are not mandatory in the European Union as and when they become effective, if applicable to the Group. Although the Group is currently analysing their impact, based on the analyses performed to date, the Group estimates that their initial adoption will not have a material impact on its consolidated financial statements and interim condensed consolidated financial statements.

2.4 Responsibility, estimates and significant judgements

The information contained in these condensed interim consolidated financial statements is the responsibility of the Parent's Board of Directors.

In the condensed interim consolidated financial statements for the six-month period ended 30 June 2022, judgements, estimates and assumptions about the carrying amounts of assets and liabilities that cannot be determined directly using other sources have been used from time to time.

The principal judgements and estimates used by the Board of Directors in applying the Group's accounting policies in these condensed interim consolidated financial statements are as follows:

- Useful life of intangible assets and property, plant and equipment.
- Evaluation of possible impairment losses on certain non-financial assets.
- Lease period.
- Calculation of the allocation to the provision for the customer portfolio.
- Recoverability of deferred tax assets.
- Measuring progress in revenue recognition.
- Calculation of the provision for guarantees and completion of work
- Business or asset consideration in acquisitions of special purpose entities (SPVs).
- Employee share-based payment plans.
- The tax rate applicable to temporary differences.
- Financial risk management and, in particular, liquidity risk

For a full description of the aforementioned criteria and estimates, see note 2.5 to the Group's consolidated financial statements at 31 December 2021.

Although these estimates were made on the basis of the best information available at the end of each reporting period on the events analyzed, events that take place in the future might make it necessary to change these estimates (upwards or downwards) at year-end or in future periods; this would be done, in accordance with the rules contained in the IAS 8 "Accounting policies, changes in accounting estimates and errors", prospectively, recognizing the effects of the change in estimate in the related consolidated income statement. During the first six months of 2022, in the opinion of the Board of Directors, there have been no significant changes in the estimates made at the end of the fiscal year 2021.

2.5 Relative importance

In determining the disclosures to be made in the notes to the condensed interim consolidated financial statements or other matters, the Group, in accordance with IAS 34, has taken into account the relative importance in relation to the condensed consolidated financial statements for the six months ended 30 June 2022.

2.6 Functional and presentation currency

The items included in the condensed interim financial statements and the related explanatory notes of each of the Group companies are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The functional currency of the Group companies is the currency of the country in which they are located. The Group's condensed interim consolidated financial statements and the related explanatory notes are presented in euros, which is the Parent's functional and presentation currency.

2.7 Comparison of information

The information contained in these condensed interim consolidated financial statements for the six-month period ended 30 June 2022 is presented solely and exclusively for comparative purposes with the information relating to the six-month period ended 30 June 2022 for the condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows and with the fiscal year ended 31 December 2021 for the condensed consolidated statement of financial position.

2.8 Condensed consolidated cash flow statement

In the condensed consolidated statement of cash flows, prepared in accordance with the indirect method, the following expressions were used with the following definitions:

1. Cash flows: inflows and outflows of cash and cash equivalents, which are short-term, highly liquid investments with a low risk of changes in value.
2. Operating activities: the typical activities of the entities composing the consolidated Group, as well as other activities that cannot be classified as investing or financing activities.
3. Investing activities: the acquisition, sale or disposal by other means of long-term assets and other investments not included in cash and cash equivalents.
4. Financing activities: activities that result in changes in the size and composition of equity and liabilities that are not operating activities.

2.9 Seasonality of the Group's transactions

Given the activities in which the Group companies are engaged, the transactions do not have a marked cyclical or seasonal nature. For this reason, no specific disclosures in this respect are included in these notes to the condensed interim consolidated financial statements for the six months ended 30 June 2022. However, during the first half of financial year 2022, the development segment did not report any significant transactions, and therefore the Parent's directors believe that a highly significant portion of the Group's annual activity will be reported in the second half of 2022.

2.10 *Going concern principle*

At 30 June 2022, the Group had a negative working capital of 36,527 thousand euros (31 December 2021: negative 16,769 thousand euros). However, the Parent's directors are confident that the cash flows generated by the business and the available financing facilities are sufficient to meet current liabilities (Note 10.2).

In addition, in the first six months of 2022 the Group reported losses of 9,968 thousand euros (losses of 19,869 thousand euros in the first six months of 2021). The directors of the Parent have drawn up these interim financial statements on a going concern basis, as they believe that the future prospects of the Group's business will allow it to obtain profits and cash flows in the coming years under the strategic plan published on 19 May 2022.

3 Financial risk management

The activities that the Group carries out through its operating segments are exposed to various financial risks: market risk (including exchange rate risk, interest rate risk and price risk), credit risk, liquidity risk and the risk of obtaining the necessary guarantees to be able to contract/execute projects.

The management of the Group's financial risks is centralised at the financial department, which seeks to minimise the effects of these risks through the use of mitigating measures, including the use of derivative financial instruments. The use of financial derivatives is governed by the Group's policies approved by the Board of Directors, which provide the necessary mechanisms to control exposure to changes in exchange rates. The Group does not issue or trade financial instruments, including derivative financial instruments, for speculative purposes.

These condensed consolidated interim financial statements do not include all the information on financial risk management and should be read in conjunction with the information included in Note 3 to the Group's consolidated financial statements for 2021.

3.1 *Operational risk*

Based on management's assessment of the Group's business development in the first six months of 2022, the Group has been able to maintain and even expand its project backlog. In addition, no significant delays in operations or in the collection of trade receivables that could impair the Group's liquidity and operating cycle have come to light. Meanwhile, in the industrial segment, no significant delays have been noted in the process of procuring materials from suppliers, with all existing contracts on schedule in accordance with the terms and conditions initially agreed upon between the parties.

While the risk of operational continuity has not been affected, the Group has experienced impacts mainly in the industrial segment, as a result of performance delays in 2021 in the supply or installation of trackers for the development of solar farms. These impacts have largely been reflected in the first quarter of 2022, by the end of which these items had been installed. Although this issue does not threaten operations, it has had a negative impact on margins, as the terms of the contracts that have now been performed did not contemplate cost increases in raw materials and logistics, thus negatively affecting margins in the first half of 2022. The Parent's directors consider that these margins will recover in the second half of the year through the ongoing performance of contracts the terms of which did contemplate the increase in raw material and transport costs.

On the development side, the operations planned for 2022 will now take place in the latter half of the year. The Group's directors consider that there are no risks of interruption of operations for this segment.

3.2 Credit risk

Credit risk is the risk of a debtor becoming insolvent and unable to honour its contractual obligations, thus resulting in a capital loss for the Group.

The Group's general policy is to carry out transactions with entities of proven solvency and to obtain, where appropriate, sufficient guarantees from third parties as a means of mitigating credit risk. In this regard, the Group generally relies on credit insurance and liquid guarantees, such as bank guarantees and letters of credit to secure trade receivables. At 30 June 2022, the Group had insured 90% of the amount of its accounts receivable (90% at year-end 2021). Given this circumstance, the Parent's directors consider that credit risk has not had, and is not expected to have, a significant impact on the calculation of expected loss (see Note 10.1.1.i).

The Group's exposure to credit risk and the aggregate of the solvency assessments of its debtors is monitored on a regular basis. Individual credit limits, hedges granted by letters of credit and excesses or, where applicable, credits granted to debtors not covered by letters of credit are analysed and approved by general management, based on the amounts and risks involved in each decision.

Credit risk in relation to cash and fixed-term deposits maturing in the short term is limited because the counterparties are banks that have been assigned high ratings by international credit rating agencies.

3.3 Liquidity risk

This refers to the risk that the Group encounters difficulties in divesting a financial instrument quickly enough not to incur significant additional costs or the associated risk of having insufficient liquidity when the times comes to honour its payment obligations. The group relies on financial institutions to finance its inventories and accounts receivable, with the management of the average collection period and deferment of payments to suppliers being significant.

In order to ensure liquidity and to be able to meet all payment commitments arising from its activity, the Group relies on the cash shown in its consolidated statement of financial position, as well as the undrawn credit and financing facilities detailed in Note 10. On 11 February 2021, the Group completed the refinancing process of the syndicated credit facility, which led to an increase in the guarantee facility of up to EUR 110 million, financing limits of 90 million euros (10 million euros free to draw upon and 80 million euros of conditional delivery), and an adjustment of the financial ratios considered in the financing contract (covenants) in the form of net financial debt to shareholders' equity (see Note 10.2).

Also in the first half of 2022, the Group signed a new financing agreement for the Araxá and Pedranópolis projects granted by the Brazilian development banks, with the amount granted totalling 323,000 thousand Brazilian reals(59,562 thousand euros at the exchange rate of 30 June 2022) (see Note 10.2).

3.4 Market risk

It is defined as the risk that the fair value or future cash flows of a financial instrument may vary due to changes in interest rates or other price risks.

Interest rate risk

Interest rate fluctuations change the fair value of assets and liabilities bearing fixed interest rates and the future flows from assets and liabilities tied to floating interest rates. The objective of interest rate risk management is to achieve a balance in the debt structure that minimises the cost of debt over the multi-year horizon, with reduced volatility in the consolidated income statement.

Practically all debt bears variable interest, so it is exposed to interest rate risk, given that variations in rates modify the future flows derived from its indebtedness. However, the payment profile of this debt is short-term, so sensitivity to interest rate fluctuations is low.

Exchange rate risk

The Group has subsidiaries in Brazil, Peru, Chile, the United States, Mexico, Argentina, Colombia, China, Australia, India and the United Arab Emirates, and is therefore exposed to exchange rate risk on foreign currency transactions (which is mainly concentrated in purchases of supplies and sales in US dollars, Chilean pesos and Brazilian reals).

In 2021 and the first half of 2022, there were fluctuations on currency markets, especially the depreciation of the BRL (Brazilian real), which generated a significant variation in translation differences and an impact on the Group's consolidated income statement. These fluctuations stabilised in late June 2022 and the potential impact of exchange rate sensitivity was partially mitigated by the result of realised and unrealised translation differences from the exchange rate derivatives arranged.

In order to mitigate this risk, the Group has a policy of arranging financial instruments (exchange rate insurance contracts and NDFs) that mitigate the exchange rate differences on foreign currency transactions (see Note 10.3).

Risk of obtaining guarantees necessary to be able to contract/implement projects.

This refers to the risk of the Group encountering difficulties in obtaining the necessary guarantees to be able to carry out its activity, which would limit its capacity to be able to contract and execute projects.

As mentioned in the previous point and following the capital increase carried out in 2020, on 11 February 2022 the Group increased the syndicated guarantee facility up to a maximum amount of 110 million euros, thus allowing it to successfully implement its business plan. In addition, the Group also has agreements with insurance companies to have the capacity to issue surety insurance.

Other market risks

The Group incurred losses amounting to 9,968 thousand euros during the first six months of 2022. These losses correspond to the industrial and development segments in percentages of 61% and 31%, respectively.

The losses presented at 30 June 2022 are mainly down to: (i) the fact that there was no sale and takeover of the project development segment during the first half of the year; and (ii) the performance of old projects the selling price of which could not be adjusted to reflect the increase in the costs of transport and raw inputs (see Note 3.4).

The Group's management and directors maintain constant review and evaluation measures for these factors and consider that, together with the measures adopted during the year, these circumstances are temporary insofar as:

i) the assumption of extraordinary costs is exceptional and it is not foreseeable that it will occur in the future; and;

ii) the increase in the cost of transport or steel erodes the margin for projects in progress, but has no effect on the margin of new projects as the Group is working on mitigating factors, such as expanding the supplier portfolio to include more international suppliers, and improving negotiations with customers on logistics terms and conditions, such as incoterms. Additionally, these increases will be passed on to the end customer as part of the pricing process.

In the opinion of the Board of Directors, the Group remains a going concern, based on the projections contained in the new 2022–2025 business plan, the circumstances described above, extraordinary or otherwise, and the Group's backlog and pipeline.

Lastly, it should be noted that the Group's Board of Directors and management are constantly monitoring the evolution of the situation, to successfully deal with any possible impacts, both financial and non-financial, that may arise.

Variations in the price of steel modify the cost of the main raw material used by the Group to manufacture its solar trackers. Likewise, the industrial segment's activity is affected by transport costs to comply with its activity of marketing, distribution and supply of solar trackers. During the previous year, the rising cost of raw materials, exacerbated by the increase in transport costs associated with the purchase of supplies, had an impact on the Group's gross margin.

However, the directors believe that this exposure is limited, as the supply contracts are signed and performed in the short term, and they use future expectations based on steel prices and on transportation costs to estimate selling prices to the Group's customers and the passing on of incremental costs. Thus, the Group's margins improved compared to the first half of 2021, and are expected to improve further in the second half of 2022 (see Note 3.1 above).

The Group's directors expect this margin improvement to pick up in the latter half of 2022, as during the first quarter of 2022 the Group was still performing old projects under which the selling prices could not be adjusted to reflect the rising costs of the main raw materials and transportation costs.

3.5 Revenue recognition and credit risk

Group management also monitors the impact of this situation on the contracts already signed and its customers, in terms of the potential changes that may be caused in relation to these contracts (cancellations, start delays, temporary halting or changes in the estimates for revenue recognition), as well as the assessment of the recoverability of collection rights. In this regard, the directors consider that the fact of keeping most of their accounts receivable insured, together with the fact that most of their customers belong to the electricity sector, which is considered a sector that is resilient to global economic crises and essential, despite the impact of the pandemic, it means that, with the information currently available, a significant impact on the credit risk or on the recognition of income of the Group is not expected beyond the delays in the commencement of the projects described in the Note 3.1 above, given that said causes are not attributable to the Group's management.

3.6 Impairment of assets

Taking into account all the aforementioned factors and the information currently available, in accordance with the new strategic plan unveiled on 19 May 2022, the Group's management and directors have not made any material changes to the future business plan and, therefore, do not expect these factors to have a material impact on the impairment of intangible assets, property, plant and equipment, or deferred assets, or on the recoverability of inventories that differs from the impairment already recognised (see Notes 6, 7 and 11). Likewise, they do not expect this to have a significant impact on the leases held by the Group and which, in accordance with IFRS 16, are recognized under the heading "Right of use". Risk of changes in the Group's profitability

The Group incurred losses amounting to 9,968 thousand euros during the first six months of 2022. These losses correspond to the industrial and development segments in percentages of 61% and 31%, respectively.

The losses presented at 30 June 2022 are mainly down to: (i) the fact that there was no sale and takeover of the project development segment during the first half of the year; and (ii) the performance of old projects the selling price of which could not be adjusted to reflect the increase in the costs of transport and raw inputs (see Note 3.4).

The Group's management and directors maintain constant review and evaluation measures for these factors and consider that, together with the measures adopted during the year, these circumstances are temporary insofar as: During the second half of the year, the development segment will complete certain takeovers, while the industrial segment is set to perform contracts that have already been priced up to reflect the rising cost of raw materials and transport. On May 19, the Group unveiled a new Strategic Plan 2022–2025 to the market. The main developments to have been announced – and which are expected to have a very positive impact on the future of the Group's business – include a new business division for asset management known as Soltec Asset Management. The aim is to obtain an additional stream of regular revenue from the sale of energy to boost the income statement and make the Group stronger and more stable, while also mitigating risks along the value chain.

4 Segment information

4.1 Main segments and segmentation criteria

The Group divides its activity into two main business lines:

- The installation and marketing of photovoltaic solar trackers, industrial segment of the Group (Soltec Energías Renovables and subsidiaries);

- The development of projects of facilities for the production of solar photovoltaic electricity through the sale and purchase, transfer and/or acquisition on its own account of shares and/or holdings in SPVs, whether or not they have legal personality, as well as the administration, management and management of such holdings (Powertis and subsidiaries).

The Group's highest decision-making authority, i.e. the Parent's Board of Directors, assesses performance on a project-by-project basis, grouping these two segments for management purposes.

This evaluation is carried out on the basis of internal information on the Group's projects, which are the basis for periodic review, discussion and evaluation in the decision-making process by the Group's highest decision-making authority.

4.2 *Information on geographical areas*

The Group identifies two main branches of activity, for which the most significant figures are as follows:

As of June 30, 2022

Concept	Thousands of euros			
	Industrial segment	Development segment	Others (*)	Total Group
Revenue	239,576	4,957	-	244,533
Changes in inventories of finished and semi-finished products	262	-	-	262
Other operating income	452	380	-	832
Works performed by the Group for its assets	22,597	8,799	-	31,396
Supplies	(170,801)	(7,349)	-	(178,150)
Personnel expenses	(29,974)	(1,395)	(1,589)	(32,958)
Other operating expenses	(64,146)	(8,827)	874	(72,099)
Depreciation of property, plant and equipment	(1,788)	(84)	(3)	(1,875)
Reversion of provisions	-	-	-	-
Gains/(losses) on disposal of fixed assets and other	4	(133)	-	(129)
Result from loss of control over SPVs	-	-	-	-
Other profit/loss	(1,945)	(4)	(28)	(1,977)
OPERATING LOSS	(5,763)	(3,656)	(746)	(10,165)
Financial income	129	42	-	171
Financial expenses	(1,861)	(858)	(1)	(2,720)
Changes in fair value of financial instruments	(11,791)	-	-	(11,791)
Translation differences	13,459	1,554	-	15,013
Loss of net monetary position	-	-	-	-
FINANCIAL PROFIT	(64)	738	(1)	673
Share in losses of companies accounted for by the equity method, net of dividends	-	(27)	-	(27)
LOSS BEFORE TAX	(5,827)	(2,945)	(747)	(9,519)
Income tax	(853)	216	188	(449)
TOTAL COMPREHENSIVE NET PROFIT/LOSS FOR THE PERIOD	(6,680)	(2,729)	(559)	(9,968)

(*) The "Other" column relates to the Parent, as well as the impact of consolidation adjustments not assigned to business segments.

As of June 30, 2021

Concept	Thousands of euros			
	Industrial segment	Development segment	Others (*)	Total Group
Revenue	87,054	-	-	87,054
Changes in inventories of finished and semi-finished products	2,149	-	-	2,149
Other operating income	1,330	223	-	1,553
Works performed by the Group for its assets	677	2,486	-	3,163
Supplies	(69,282)	-	-	(69,282)
Personnel expenses	(20,166)	(711)	(1,137)	(22,014)
Other operating expenses	(20,431)	(7,538)	(882)	(28,851)
Depreciation of property, plant and equipment	(1,782)	(75)	(2)	(1,859)
Reversion of provisions	985	-	-	985
Gains/(losses) on disposal of fixed assets and other	(29)	(520)	-	(549)
Result from loss of control over SPVs	-	6,863	-	6,863
Other profit/loss	(1,795)	(3)	(30)	(1,828)
OPERATING LOSS	(21,290)	725	(2,051)	(22,616)
Financial income	4	1	-	5
Financial expenses	(2,354)	(447)	-	(2,801)
Changes in fair value of financial instruments	(4,510)	4,963	-	453
Translation differences	651	(2,812)	-	(2,161)
Loss of net monetary position	(49)	-	-	(49)
FINANCIAL PROFIT	(6,258)	1,705	-	(4,553)
Share in losses of companies accounted for by the equity method, net of dividends	-	(160)	-	(160)
LOSS BEFORE TAX	(27,548)	2,270	(2,051)	(27,329)
Income tax	6,400	843	217	7,460
TOTAL COMPREHENSIVE NET PROFIT/LOSS FOR THE PERIOD	(21,148)	3,113	(1,834)	(19,869)

(*) The "Other" column relates to the Parent, as well as the impact of consolidation adjustments not assigned to business segments.

Concept	Thousands of euros							
	Segments at 30/06/2022				Segments at 31/12/2021			
	Industrial segment	Development segment	Others (*)	Total at 30/06/2022	Industrial segment	Development segment	Others (*)	Total at 31/12/2021
Segment assets	375,800	232,252	(70,740)	537,312	382,910	166,764	(72,723)	476,951
Segment liabilities	315,222	137,784	(60,959)	392,047	321,234	75,153	(66,416)	329,971

(*) The "Other" column relates to the Parent, as well as the impact of consolidation adjustments not assigned to business segments.

In the presentation of information by geographical area, the revenue is based on the geographical location of customers and the assets of the geographical area are based on the geographical location of the assets. Non-current assets in the geographical area do not include deferred tax assets or financial instruments.

The distribution of the Group's main non-current assets by geographical area at 30 June 2022 and 31 December 2021 is as follows:

	Thousands of euros							
	Spain	Brazil	North America (*)	Rest of South America (*)	APAC (*)	Italy	Others (*)	Total at 30/06/2022
Intangible assets	9,867	10,767	-	56	-	6,948	12	27,650
Property, plant and equipment	5,947	142,237	419	1,491	3	42	84	150,223
Right of use	12,912	3,702	8	42	-	-	-	16,664
	28,726	156,706	427	1,589	3	6,990	96	194,537

	Thousands of euros							
	Spain	Brazil	North America (*)	Rest of South America (*)	APAC (*)	Italy	Others (*)	Total at 31/12/2021
Intangible assets	7,186	10,070	-	-	-	2,192	-	19,448
Property, plant and equipment	6,312	84,293	427	1,060	1	38	45	92,176
Right of use	13,312	3,261	42	111	14	-	-	16,740
	26,810	97,624	469	1,171	15	2,230	45	128,364

The detail of net revenue at 30 June 2022 and 30 June 2021 is derived from revenue to the following geographical areas:

	Thousands of euros	
Revenue	Total at 30/06/2022	Total at 30/06/2021
Spain	16,938	64,586
Brazil	73,780	1,195
North America (*)	63,168	15,231
Rest of South America (*)	73,020	5,665
APAC (*)	9,529	211
Others (*)	8,098	165
Total	244,533	87,054

(*) *North America: United States of America and Mexico. Rest of South America: Argentina, Chile, Colombia and Peru. APAC: Australia, India and Thailand. Others: Egypt, Israel, Jordan, Kenya and Namibia.*

4.3 Other segment information

The types of products and services provided by the Group are described in Note 16 to these explanatory notes.

Meanwhile, the weight of the main customers for the Group varies over time, depending largely on the projects carried out during the period. In the six months ended 30 June 2022, the most representative customers were Enel Green Power, AES and Moss Solar, representing 17%, 15% and 12% of revenues, respectively. In the six months ended 30 June 2021, the most representative customers were AES Corporation, Enel Green Power and ACISA, representing 30%, 16% and 14% of revenues, respectively.

5 Changes in the scope of consolidation

5.1 Incorporation of entities

During the first six months of 2022, the following subsidiaries were included in the scope of consolidation:

Development segment

Society	Date of incorporation	Country	Parent
USINA DE ENERGÍA FOTOVOLTAICA PEDRA DO SOL SPE LTDA	25/01/2022	Brazil	Powertis, S.A.U.
USINA DE ENERGÍA FOTOVOLTAICA PRINCESA DO NORTE SEP LTDA	22/03/2022	Brazil	Powertis, S.A.U.
LUMINORA SOLAR 11 APS	07/03/2022	Denmark	Powertis, S.A.U.
LUMINORA SOLAR 12 APS	07/03/2022	Denmark	Powertis, S.A.U.
LUMINORA SOLAR 13 APS	07/03/2022	Denmark	Powertis, S.A.U.
LUMINORA SOLAR 14 APS	07/03/2022	Denmark	Powertis, S.A.U.
LUMINORA SOLAR 15 APS	07/03/2022	Denmark	Powertis, S.A.U.
AMBER SOLAR POWER MEXICO CUATRO, S.A. DE C.V.	17/03/2022	Mexico	Powertis, S.A.U.
AMBER SOLAR POWER MEXICO CINCO, S.A. DE C.V.	17/03/2022	Mexico	Powertis, S.A.U.
AMBER SOLAR POWER MEXICO SEIS, S.A. DE C.V.	17/03/2022	Mexico	Powertis, S.A.U.
AMBER SOLAR POWER MEXICO SIETE, S.A. DE C.V.	17/03/2022	Mexico	Powertis, S.A.U.
AMBER SOLAR POWER MEXICO OCHO, S.A. DE C.V.	17/03/2022	Mexico	Powertis, S.A.U.
LUMINORA SOLAR POWER DESARROLLOS MEXICO TRES, S.A. DE C.V.	17/03/2022	Mexico	Powertis, S.A.U.
LUMINORA SOLAR POWER DESARROLLOS MEXICO CUATRO, S.A. DE C.V.	17/03/2022	Mexico	Powertis, S.A.U.
LUMINORA SOLAR POWER DESARROLLOS MEXICO CINCO, S.A. DE C.V.	17/03/2022	Mexico	Powertis, S.A.U.
LUMINORA SOLAR POWER DESARROLLOS MEXICO SEIS, S.A. DE C.V.	17/03/2022	Mexico	Powertis, S.A.U.
LUMINORA SOLAR POWER DESARROLLOS MEXICO SIETE, S.A. DE C.V.	17/03/2022	Mexico	Powertis, S.A.U.
AMBER UNO, SRL	24/02/2022	Romania	Powertis, S.A.U.
AMBER DOS, SRL	22/02/2022	Romania	Powertis, S.A.U.
AMBER TRES, SRL	02/03/2022	Romania	Powertis, S.A.U.
LUMINORA UNO, SRL	22/02/2022	Romania	Powertis, S.A.U.
LUMINORA DOS, SRL	24/02/2022	Romania	Powertis, S.A.U.
LUMINORA TRES, SRL	23/02/2022	Romania	Powertis, S.A.U.
LUMINORA CUATRO, SRL	02/03/2022	Romania	Powertis, S.A.U.
POWERTIS ROMANIA, SRL	24/02/2022	Romania	Powertis, S.A.U.

Industrial segment

Society	Date of incorporation	Country	Parent
Seguidores Solares Portugal, Unipessoal Lda	23/05/2022	Portugal	Soltec Energías Renovables S.L.U
Enviroscale, S.L.	14/01/2022	Spain	Soltec Power Holdings,S.A.
Soltec Asset Management, S.L.	24/05/2022	Spain	Soltec Power Holdings,S.A.

The following subsidiaries were included in the scope of consolidation in 2021:

Company	Date of incorporation	Country	Parent
Amber Solar 21, S.r.l.	03/03/2021	Italy	Powertis, S.A.U.
Amber Solar 22, S.r.l.	03/03/2021	Italy	Powertis, S.A.U.
Amber Solar 23, S.r.l.	03/03/2021	Italy	Powertis, S.A.U.
Amber Solar 24, S.r.l.	03/03/2021	Italy	Powertis, S.A.U.
Amber Solar 25, S.r.l.	03/03/2021	Italy	Powertis, S.A.U.
Amber Solar 26, S.r.l.	03/03/2021	Italy	Powertis, S.A.U.
Amber Solar 27, S.r.l.	03/03/2021	Italy	Powertis, S.A.U.
Amber Solar 28, S.r.l.	03/03/2021	Italy	Powertis, S.A.U.
Amber Solar 29, S.r.l.	03/03/2021	Italy	Powertis, S.A.U.
Amber Solar 30, S.r.l.	03/03/2021	Italy	Powertis, S.A.U.
Amber Solar 31, S.r.l.	03/03/2021	Italy	Powertis, S.A.U.
Amber Solar 32, S.r.l.	03/03/2021	Italy	Powertis, S.A.U.
Amber Solar 33, S.r.l.	03/03/2021	Italy	Powertis, S.A.U.
Amber Solar 34, S.r.l.	03/03/2021	Italy	Powertis, S.A.U.
Amber Solar 35, S.r.l.	03/03/2021	Italy	Powertis, S.A.U.
Amber Solar 36, S.r.l.	03/03/2021	Italy	Powertis, S.A.U.
Amber Solar 37, S.r.l.	03/03/2021	Italy	Powertis, S.A.U.
Amber Solar 38, S.r.l.	03/03/2021	Italy	Powertis, S.A.U.
Amber Solar 39, S.r.l.	03/03/2021	Italy	Powertis, S.A.U.
Amber Solar 40, S.r.l.	03/03/2021	Italy	Powertis, S.A.U.
Amber Solar 41, S.r.l.	06/05/2021	Italy	Powertis, S.A.U.
Amber Solar 42, S.r.l.	06/05/2021	Italy	Powertis, S.A.U.
Amber Solar 43, S.r.l.	06/05/2021	Italy	Powertis, S.A.U.
Amber Solar 44, S.r.l.	06/05/2021	Italy	Powertis, S.A.U.
Amber Solar 45, S.r.l.	06/05/2021	Italy	Powertis, S.A.U.
Amber Solar 46, S.r.l.	06/05/2021	Italy	Powertis, S.A.U.
Amber Solar 47, S.r.l.	06/05/2021	Italy	Powertis, S.A.U.
Amber Solar 48, S.r.l.	06/05/2021	Italy	Powertis, S.A.U.
Amber Solar 49, S.r.l.	06/05/2021	Italy	Powertis, S.A.U.
Amber Solar 50, S.r.l.	06/05/2021	Italy	Powertis, S.A.U.
Marmaria Solare 1, S.r.l.	06/05/2021	Italy	Powertis, S.A.U.
Marmaria Solare 2, S.r.l.	06/05/2021	Italy	Powertis, S.A.U.
Marmaria Solare 3, S.r.l.	06/05/2021	Italy	Powertis, S.A.U.
Marmaria Solare 4, S.r.l.	06/05/2021	Italy	Powertis, S.A.U.
Marmaria Solare 5, S.r.l.	06/05/2021	Italy	Powertis, S.A.U.
Marmaria Solare 6, S.r.l.	06/05/2021	Italy	Powertis, S.A.U.
Marmaria Solare 7, S.r.l.	06/05/2021	Italy	Powertis, S.A.U.
Marmaria Solare 8, S.r.l.	06/05/2021	Italy	Powertis, S.A.U.

Company	Date of incorporation	Country	Parent
Marmaria Solare 9, S.r.l.	06/05/2021	Italy	Powertis, S.A.U.
Marmaria Solare 10, S.r.l.	06/05/2021	Italy	Powertis, S.A.U.
Marmaria Solare 11, S.r.l.	06/10/2021	Italy	Powertis, S.A.U.
Marmaria Solare 12, S.r.l.	06/10/2021	Italy	Powertis, S.A.U.
Marmaria Solare 13, S.r.l.	06/10/2021	Italy	Powertis, S.A.U.
Marmaria Solare 14, S.r.l.	06/10/2021	Italy	Powertis, S.A.U.
Marmaria Solare 15, S.r.l.	06/10/2021	Italy	Powertis, S.A.U.
Marmaria Solare 16, S.r.l.	06/10/2021	Italy	Powertis, S.A.U.
Marmaria Solare 17, S.r.l.	06/10/2021	Italy	Powertis, S.A.U.
Marmaria Solare 18, S.r.l.	06/10/2021	Italy	Powertis, S.A.U.
Marmaria Solare 19, S.r.l.	06/10/2021	Italy	Powertis, S.A.U.
Marmaria Solare 20, S.r.l.	06/10/2021	Italy	Powertis, S.A.U.
Marmaria Solare 21, S.r.l.	06/10/2021	Italy	Powertis, S.A.U.
Marmaria Solare 22, S.r.l.	06/10/2021	Italy	Powertis, S.A.U.
Marmaria Solare 23, S.r.l.	06/10/2021	Italy	Powertis, S.A.U.
Marmaria Solare 24, S.r.l.	06/10/2021	Italy	Powertis, S.A.U.
Marmaria Solare 25, S.r.l.	06/10/2021	Italy	Powertis, S.A.U.
Marmaria Solare 26, S.r.l.	06/10/2021	Italy	Powertis, S.A.U.
Marmaria Solare 27, S.r.l.	06/10/2021	Italy	Powertis, S.A.U.
Marmaria Solare 28, S.r.l.	06/10/2021	Italy	Powertis, S.A.U.
Marmaria Solare 29, S.r.l.	06/10/2021	Italy	Powertis, S.A.U.
Marmaria Solare 30, S.r.l.	06/10/2021	Italy	Powertis, S.A.U.
Amber Solar Power Cuarenta y uno, S.L.	21/04/2021	Spain	Powertis, S.A.U.
Amber Solar Power Cuarenta y dos, S.L.	21/04/2021	Spain	Powertis, S.A.U.
Amber Solar Power Cuarenta y tres, S.L.	21/04/2021	Spain	Powertis, S.A.U.
Amber Solar Power Cuarenta y cuatro, S.L.	21/04/2021	Spain	Powertis, S.A.U.
Amber Solar Power Cuarenta y cinco, S.L.	21/04/2021	Spain	Powertis, S.A.U.
Amber Solar Power Cuarenta y seis, S.L.	21/04/2021	Spain	Powertis, S.A.U.
Amber Solar Power Cuarenta y siete, S.L.	21/04/2021	Spain	Powertis, S.A.U.
Amber Solar Power Cuarenta y ocho, S.L.	21/04/2021	Spain	Powertis, S.A.U.
Amber Solar Power Cuarenta y nueve, S.L.	21/04/2021	Spain	Powertis, S.A.U.
Amber Solar Power Cincuenta, S.L.	21/04/2021	Spain	Powertis, S.A.U.
Amber Solar Power Cincuenta y Uno, S.L.	20/07/2021	Spain	Powertis, S.A.U.
Amber Solar Power Cincuenta y Dos, S.L.	20/07/2021	Spain	Powertis, S.A.U.
Amber Solar Power Cincuenta y Tres, S.L.	20/07/2021	Spain	Powertis, S.A.U.
Amber Solar Power Cincuenta y Cuatro, S.L.	20/07/2021	Spain	Powertis, S.A.U.
Amber Solar Power Cincuenta y Cinco, S.L.	20/07/2021	Spain	Powertis, S.A.U.
Luminora Solar Veintiuno, S.L.	21/04/2021	Spain	Powertis, S.A.U.
Luminora Solar Veintidós, S.L.	21/04/2021	Spain	Powertis, S.A.U.
Luminora Solar Veintitres, S.L.	21/04/2021	Spain	Powertis, S.A.U.
Luminora Solar Veinticuatro, S.L.	21/04/2021	Spain	Powertis, S.A.U.
Luminora Solar Veinticinco, S.L.	21/04/2021	Spain	Powertis, S.A.U.
Luminora Solar Veintiséis, S.L.	20/07/2021	Spain	Powertis, S.A.U.
Luminora Solar Veintisiete, S.L.	20/07/2021	Spain	Powertis, S.A.U.
Luminora Solar Veintiocho, S.L.	20/07/2021	Spain	Powertis, S.A.U.
Luminora Solar Veintinueve, S.L.	20/07/2021	Spain	Powertis, S.A.U.
Luminora Solar Treinta, S.L.	20/07/2021	Spain	Powertis, S.A.U.
Usina de Energía Fotovoltaica Sao Miguel SPE Ltda.	12/03/2021	Brazil	Powertis, S.A.U.
Powertis Desarrollos Mexico	14/05/2021	Mexico	Powertis, S.A.U.
Amber Solar Power Mexico Uno	14/05/2021	Mexico	Powertis, S.A.U.
Amber Solar Power Desarrollos Mexico Dos	14/05/2021	Mexico	Powertis, S.A.U.
Amber Solar Desarrollos Mexico Tres	14/05/2021	Mexico	Powertis, S.A.U.

Company	Date of incorporation	Country	Parent
Luminora Solar Power Desarrollos Mexico Uno	14/05/2021	Mexico	Powertis, S.A.U.
Luminora Solar Power Desarrollos Mexico Uno	14/05/2021	Mexico	Powertis, S.A.U.
Powertis Colombia	18/06/2021	Colombia	Powertis, S.A.U.
Amber Solar Power Colombia Uno	18/06/2021	Colombia	Powertis, S.A.U.
Amber Solar Power Colombia Dos	18/06/2021	Colombia	Powertis, S.A.U.
Amber Solar Power Colombia Tres	18/06/2021	Colombia	Powertis, S.A.U.
Amber Solar Power Colombia Cuatro	18/06/2021	Colombia	Powertis, S.A.U.
Amber Solar Power Colombia Cinco	18/06/2021	Colombia	Powertis, S.A.U.
Amber Solar Power Colombia Seis	18/06/2021	Colombia	Powertis, S.A.U.
Amber Solar Power Colombia Siete	18/06/2021	Colombia	Powertis, S.A.U.
Amber Solar Power Colombia Ocho	18/06/2021	Colombia	Powertis, S.A.U.
Amber Solar Power Colombia Nueve	18/06/2021	Colombia	Powertis, S.A.U.
Amber Solar Power Colombia Diez	18/06/2021	Colombia	Powertis, S.A.U.
Luminora Solar Power Colombia Uno	18/06/2021	Colombia	Powertis, S.A.U.
Luminora Solar Power Colombia Dos	18/06/2021	Colombia	Powertis, S.A.U.
Luminora Solar Power Colombia Tres	18/06/2021	Colombia	Powertis, S.A.U.
Luminora Solar Power Colombia Cuatro	18/06/2021	Colombia	Powertis, S.A.U.
Luminora Solar Power Colombia Cinco	18/06/2021	Colombia	Powertis, S.A.U.
Luminora Solar Power Colombia Seis	18/06/2021	Colombia	Powertis, S.A.U.
Luminora Solar Power Colombia Siete	18/06/2021	Colombia	Powertis, S.A.U.
Luminora Solar Power Colombia Ocho	18/06/2021	Colombia	Powertis, S.A.U.
Luminora Solar Power Colombia Nueve	18/06/2021	Colombia	Powertis, S.A.U.
Luminora Solar ApS	17/05/2021	Denmark	Powertis, S.A.U.
Luminora Solar 2 ApS	17/05/2021	Denmark	Powertis, S.A.U.
Luminora Solar 3 ApS	17/05/2021	Denmark	Powertis, S.A.U.
Luminora Solar 4 ApS	17/05/2021	Denmark	Powertis, S.A.U.
Luminora Solar 5 ApS	17/05/2021	Denmark	Powertis, S.A.U.
Luminora Solar 6 ApS	17/05/2021	Denmark	Powertis, S.A.U.
Luminora Solar 7 ApS	17/05/2021	Denmark	Powertis, S.A.U.
Luminora Solar 8 ApS	17/05/2021	Denmark	Powertis, S.A.U.
Luminora Solar 9 ApS	17/05/2021	Denmark	Powertis, S.A.U.
Luminora Solar 10 ApS	17/05/2021	Denmark	Powertis, S.A.U.
Powertis América, LLC	12/05/2021	United States	Powertis, S.A.U.

In addition, in 2021, Powertis, S.r.l. was partially spun off in favour of new beneficiary SPVs to facilitate the transfer of the projects developed in that region. The list of new subsidiaries arising as a result of this spin-off is as follows:

Company	Date of incorporation	Country	Parent
Luminora Altogianni 1 S.r.l.	26/02/2021	Italy	Powertis, S.A.U.
Luminora Altogianni 2 S.r.l.	26/02/2021	Italy	Powertis, S.A.U.
Luminora Specchione S.r.l.	26/02/2021	Italy	Powertis, S.A.U.
Luminora Locone S.r.l.	26/02/2021	Italy	Powertis, S.A.U.
Luminora Derrico S.r.l.	26/02/2021	Italy	Powertis, S.A.U.
Luminora Lasala S.r.l.	26/02/2021	Italy	Powertis, S.A.U.
Luminora La Feudale S.r.l.	26/02/2021	Italy	Powertis, S.A.U.
Luminora San Martino S.r.l.	26/02/2021	Italy	Powertis, S.A.U.
Luminora Ascoli S.r.l.	26/02/2021	Italy	Powertis, S.A.U.
Luminora Candela S.r.l.	26/02/2021	Italy	Powertis, S.A.U.
Luminora San Percopio S.r.l.	26/02/2021	Italy	Powertis, S.A.U.
Luminora Medaglia S.r.l.	26/02/2021	Italy	Powertis, S.A.U.
Luminora Marangiosa S.r.l.	26/02/2021	Italy	Powertis, S.A.U.
Luminora Lopez S.r.l.	26/02/2021	Italy	Powertis, S.A.U.
Luminora Squinzano S.r.l.	26/02/2021	Italy	Powertis, S.A.U.
Luminora Ramacca S.r.l.	26/02/2021	Italy	Powertis, S.A.U.
Luminora Serravalle S.r.l.	26/02/2021	Italy	Powertis, S.A.U.

The inclusion of these companies in the scope of consolidation did not entail the inclusion of material results, assets and liabilities as they were SPVs incorporated during the year and, therefore, there were no changes in the composition of the Group that had a material effect on the condensed interim consolidated financial statements.

5.2 Other acquisitions not involving the transfer of control

Transaction carried out between Powertis, S.A.U. and SER Sistemas de Energía Renovável LTDA (SER) within the framework of the sale and purchase operation of Engady (GRAVIOLA project).

In October 2019, Powertis, together with Engady Solar Energía SPE LTDA (Engady), agreed to compete through a consortium in the public electricity auction. Engady is a special purpose vehicle that develops the "Graviola" solar project and is owned by SER, a Brazilian energy company.

Participation in this auction was carried out through various special purpose entities, with Powertis and Engady participating in them. On 13 January 2020, 4 entities (Graviola I-IV), 99.99% owned by Powertis and 0.01% owned by Engady, were incorporated and awarded the bid. In addition, on 11 February 2020, SER and Powertis agreed to purchase 100% of Engady's shares, with a total acquisition price of 24 million Brazilian reals, representing approximately 3.8 million euros at the 31 December 2020 exchange rate. The disbursement of this amount is structured into a series of payments subject to the fulfilment of milestones for the technical, financial and construction development of the solar project through the Graviola SPVs.

At 31 December 2021, the transfer of 35% of Engady's shares to Powertis (20% of Engady's shares at 31 December 2020) was formalised, leading to a cash outflow during 2021 of 578 thousand euros (812 thousand euros at 31 December 2020). Also, the payments made depend on the technical success of the project, based on the actions to be taken by Engady and SER, and in 2021, the package of connection licenses agreed was transferred to Graviola SPVs and, consequently, the associated payment milestone accrued. These connection licenses represent evidence of the technical feasibility of the project and, in accordance with the standard, these licenses are capitalized in 2021 by reclassifying the payments initially recognized as "Prepayments for equity instruments – Non-current financial investments" (see Note 10.1.1.ii) to "PLCs – Intangible assets". At 30 June 2022, the project was in the same situation (see Note 6).

5.3 Business combination

During the six-month period ended 30 June 2022, there were no business combinations in accordance with the new definition of business under IFRS 3.

5.4 Sale of stakes with loss of control

i. Sale transaction of Spanish SPVs to Total Solar SAS

On 30 January 2020, Powertis, S.A.U. reached an agreement with Total Solar SAS whereby Powertis, S.A. granted it a pre-emptive right to purchase certain special purpose vehicles (SPVs) with a total capacity of up to 1,000 MW in Spain for a period of one year. Under this pre-emptive purchase right agreement, Powertis, S.A.U. must transfer to Total Solar SAS 65% of the shares it holds in each of the SPVs required by Total Solar SAS. This agreement entailed a sale transaction that materialized in March 2021.

In March 2021, the transfer of 65% of the shares of Luminora Solar Cinco, SL was formalised. Consequently, at 30 June 2021, the Group no longer held control over the SPVs. This transaction resulted in the recognition of a positive operating profit of 1,953 thousand euros from the loss of control under "Profit/(loss) from loss of control over SPVs" and a financial gain of 964 thousand euros from the fair value measurement of equity under "Change in fair value of financial instruments" in the consolidated income statement for the year 2021.

At 30 June 2022, the Group had not arranged any share transfer operation involving the takeover of Total Solar SAS.

These investments (together with those indicated in Note 5.2), measured at fair value at the date of disposal and adjusted for the share of profit or loss of the companies accounted for using the equity method, are recognised under "Investments in companies accounted for using the equity method" in the consolidated statement of financial position (see Note 9).

ii. <u>Sale of Italian SPVs to Aquila</u>

On December 24, 2020, Powertis, S.A.U. reached a framework agreement with a third party whereby they agreed to jointly develop, finance, construct and manage a portfolio of up to 754 MW of solar projects associated with SPVs in Italy until 31 December 2023.

Under this agreement, an initial transfer of 51% of the shares of SPVs associated with projects in Italy was set at a price based on the MW that could ultimately be generated at these locations, which was initially calculated based on the expected MW and which would be adjusted once the project was completed based on the MW actually obtained, the final costs of leasing the land and possible delays in the project. This transfer of shares would have to be formalized later in individual purchase and sale agreements. The initial purchase price would be paid by the investor in two tranches: a first tranche of 50% on the date of the transfer of the shares and the remaining second tranche when the developed projects reach "Ready to Build" status (according to the definition established in the contract, the project reaches the "Ready to Build" stage with the obtaining of all the necessary licenses to start the construction phase, the execution of the interconnection right and the notarial registration of the land).

Furthermore, in case the initially transferred project could not reach "Ready to Build" status as a result of the impossibility to obtain any of the necessary licenses, permits or contracts to start the construction phase, Powertis was obliged to offer the investor new projects for at least the same capacity and with similar characteristics. This obligation had been limited to a number of MW and on specific replacement projects offered. In case of replacement, a new purchase and sale agreement would be concluded on the new SPV. The Investor was entitled to compensate the invested capital including the price paid for the SPV and any additional development financing provided. For its part, Powertis would be obliged to purchase the equity at par value previously acquired by the Investor in the failed project together with any contributions made to that SPV by the Investor.

Once the project reaches "Ready to Build" status, the investor would have the right, but not the obligation, to exercise a 49% call option on the remaining equity.

Under this framework agreement, on 24 December 2020, the share purchase and sale agreement was executed whereby 51% of the ownership interest in ten Italian SPVs containing solar projects with an estimated capacity of 249 MW was transferred without the risks and rewards of the transaction having been substantially transferred, since none of the projects had reached "Ready to build" status as defined in the agreement. The Group received an amount of 3,174 thousand euros which was recognized under "Non-current financial liabilities" and "Current financial liabilities" in the consolidated statement of financial position at 31 December 2020 (see note 10.2.1).

In March 2021, an addendum to the initial framework agreement came into force, modifying certain clauses, including the increase in the project portfolio to a maximum of 1,109 MW, setting a fixed sales price that cannot be adjusted to different project packages, establishing a *success fee (Performance Based Earn-Out)* in the event the projects reach the Ready to Build phase and eliminating the obligation of Powertis to acquire failed projects by compensating the sales price initially charged. With all of the above, the transfer of the risk and benefit of the operation is brought forward in time and is limited to compliance with certain clauses associated with the initial project development procedures, transfer of licenses and reaching agreements on the land on which the solar projects will be developed.

In relation to said agreement, the Group substantially transferred the risks and rewards, leading to the accrual of the disposal of several packages of Italian SPVs:

- 10 SPVs transferred in 2020 accruing in March 2021.
- 12 SPVs transferred accruing in June 2021.
- 1 SPV transferred accruing in July 2021.
- 3 SPVs transferred accruing in September 2021.
- 1 SPV transferred accruing in October 2021.

In 2021, these operations led to the recognition of operating profit of 5,134 thousand euros arising from the loss of control under the heading “Gains/(losses) from loss of control over SPVs”, and financial profit of 4,878 thousand euros as a result of the measurement at fair value of the holding under the heading “Changes in the fair value of financial instruments”. Due to the accrual of the operation, the amounts received in 2020, as recognised at 31 December 2020 under “Non-current financial liabilities” and “Current financial liabilities”, materialised as operating income.

In December 2021, an addendum was signed to the framework agreement whereby its extension was stipulated. The new framework agreement reached extended the portfolio to be implemented up to a maximum of 1840MW of solar projects associated with SPVs in Italian territory, valid until 31 December 2024.

In relation to said novation, the Group substantially transferred the risks and rewards in 2021, leading to the disposal of 15 Italian SPVs. This transaction gave rise to the recognition of a positive operating profit of 9,578 thousand euros arising from the loss of control under "Result from loss of control over SPVs" and a financial gain of 9,179 thousand euros as consideration for the fair value of the investment under "Changes in the fair value of financial instruments".

During the first six months of 2022, the Group did not carry out any substantial transfer of risks and rewards and consequent accrual of the disposal of Italian SPVs to Aquila under the framework contract signed between the parties.

iii. *Sale of Brazilian SPVs – Leo Silveira Project*

On 23 September 2020, Powertis, S.A.U. reached an agreement with a third party whereby it agreed to sell SPVs Leo Silveira IV, V and VI (Block A) and, on 4 November 2020, the agreement for the sale of SPVs Leo Silveira I, II and III (Block B) was formalized, establishing a condition precedent.

This agreement was instrumented in two separate sale agreements for 100% of the shares in each of the blocks, setting a sale price of 55 million Brazilian reals for Block A and 40 million Brazilian reals for Block B. The sale and purchase agreement included the legal transfer of the shares, as a necessary condition for the buyer to carry out the administrative procedures necessary for the change of ownership of all permits, licenses and concessions, although the payment of the agreed amounts was subject to the fulfillment of a series of conditions by both parties. Until these conditions were met, the corporate books of the SPVs were deposited in the custody of a legal depository as a guarantee of collection.

The agreement also provided for the possibility of terminating the agreement at the sole discretion of the purchaser in the event that payment was not made or if the purchaser exercised the right to sell the shares by returning them to Powertis. In this regard, at 31 December 2020, the conditions for payment had not been met for any of the blocks and, therefore, according to the estimate made by the Parent's Board of Directors, the conditions for the transfer of control had not been met.

In this regard, given that the Board of Directors consider that the carrying amount of these SPVs would be recovered through the sale transaction with a third party described above and that it was highly probable that the conditions for the transfer of control would be met in the short term, they classified the group of assets and liabilities associated with these SPVs as available for sale at 31 December 2020.

In January 2021, the disposal of 100% of the ownership interests and the loss of control of Block A was completed upon fulfilment of the agreed conditions and the subsequent collection of the sale price of 8,577 thousand euros at the collection exchange rate. This transaction gave rise to the recognition of a positive operating profit of 696 thousand euros in 2021 arising from the loss of control, as recognised under "Gains/(losses) from loss of control over SPVs".

During the month of July 2021, the buyer notified the fulfilment of all the conditions for the Block B agreement, having paid the agreed amount during that month. Therefore, the Board of Directors of the Parent considered that as of 30 June 2021 the assets and liabilities associated with those SPVs should be classified as held for sale.

6 Intangible assets

The detail and movement of the items included in the item "Intangible assets" at 30 June 2022 and 31 December 2021 is shown below:

As of June 30, 2022

	Thousands of euros					
	Initial balance 01/01/2022	Additions	Exclusions from scope	Transfers (Note 10.1.1.ii)	Translation differences	Final balance 30/06/2022
Cost:						
Development	6,926	246	-	-	-	7,172
Other intangible assets-						
Industrial property	153	-	-	-	-	153
Computer software	632	330	-	-	-	962
PLCs	14,685	7,280	-	-	700	22,665
Total cost	22,396	7,856	-	-	700	30,952
Accumulated amortisation:						
Development	(2,434)	(304)	-	-	-	(2,738)
Other intangible assets-						
Industrial property	(122)	(8)	-	-	-	(130))
Computer software	(392)	(42)	-	-	-	(434)
Total accumulated amortisation	(2,948)	(354)	-	-	-	(3,302)
Total intangible assets	19,448					27,650

At 31 December 2021

	Thousands of euros					
	Initial balance 01/01/2021	Additions	Exclusions from scope	Transfers	Translation differences	Final balance 31/12/2021
Cost:						
Development	4,684	2,242	-	-	-	6,926
Other intangible assets-						
Industrial property	153	-	-	-	-	153
Computer software	640	37	-	-	(45)	632
PLCs	10,245	8,779	(5,675)	1,294	42	14,685
Total cost	15,722	11,058	(5,675)	1,294	(3)	22,396
Accumulated amortisation:						
Development	(1,884)	(550)	-	-	-	(2,434)
Other intangible assets-						
Industrial property	(105)	(17)	-	-	-	(122)
Computer software	(340)	(52)	-	-	-	(392)
Total accumulated amortisation	(2,329)	(619)	-	-	-	(2,948)
Total intangible assets	13,393					19,448

The main additions as at 30 June 2022 relate to internally generated assets as "PLCs", amounting to 7,280 thousand euros (31 December 2021: 8,779 thousand euros). These capitalized expenses are associated with the development of solar projects for which the Parent Company's technical management considers that all the requirements for capitalization in accordance with current accounting regulations have been met.

Likewise, no capitalisations have been made in 2022 as a result of payments made for the Engady-Graviola project. In 2021, a total of 1,294 thousand euros was capitalised, as initially classified as "Prepayments for equity instruments – Non-current financial investments" (see Note 5.2).

There are also additions from internally generated assets under "Development", in the amount of 246 thousand euros (31 December 2021: 2,242 thousand euros). These expenses are associated with new products which the Parent Company's technical management estimates will be profitable, within the framework of the testing and validation being performed, including technical reports, and which are expected to be marketed under contracts to be executed in the coming years.

7 Property, plant and equipment

The detail and movement of the items included in the item "Property, plant and equipment" at 30 June 2022 and 31 December 2021 is shown below:

As of June 30, 2022

	Thousands of euros				
	Initial balance 01/01/2022	Additions	Disposals	Translation differences	Final balance 30/06/2022
Cost:					
Land and buildings					
Buildings	4,513	56	-	32	4,601
	4,513	56	-	32	4,601
Plant and other property, plant and equipment-					
Plant and machinery	3,910	196	(10)	145	4,241
Tools, other fixtures and furniture	4,920	939	(120)	195	5,934
Other property, plant and equipment	1,298	40	(2)	78	1,414
Property, plant and equipment in progress and advances	83,352	57,566	-	65	140,983
	93,480	58,741	(132)	483	152,572
Total cost	97,993				157,173
Accumulated amortisation:					
Land and buildings					
Buildings	(893)	(148)	-	(21)	(1,062)
	(893)	(148)	-	(21)	(1,062)
Plant and other property, plant and equipment-					
Plant and machinery	(1,954)	(195)	-	(41)	(2,190)
Tools, other fixtures and furniture	(2,388)	(544)	11	(78)	(2,999)
Other property, plant and equipment	(582)	(78)	1	(40)	(699)
	(4,924)	(817)	12	(159)	(5,888)
Total accumulated amortisation	(5,817)	(965)	12	(180)	(6,950)
Total	92,176				150,223

At 31 December 2021

	Thousands of euros				
	Initial balance 01/01/2021	Additions	Disposals	Translation differences	Final balance 31/12/2021
Cost:					
Land and buildings					
Buildings	4,033	453	-	27	4,513
	4,033	453	-	27	4,513
Plant and other property, plant and equipment-					
Plant and machinery	3,150	930	(121)	(49)	3,910
Tools, other fixtures and furniture	3,828	1,195	(84)	(19)	4,920
Other property, plant and equipment	1,118	210	(27)	(3)	1,298
Property, plant and equipment in progress and advances	640	81,736	-	976	83,352
	8,736	84,071	(232)	905	93,480
Total cost	12,769				97,993
Accumulated amortisation:					
Land and buildings					
Buildings	(591)	(279)	-	(23)	(893)
	(591)	(279)	-	(23)	(893)
Plant and other property, plant and equipment-					
Plant and machinery	(1,675)	(354)	83	(8)	(1,954)
Tools, other fixtures and furniture	(1,515)	(937)	77	(13)	(2,388)
Other property, plant and equipment	(502)	(91)	20	(9)	(582)
	(3,692)	(1,382)	180	(30)	(4,924)
Total accumulated amortisation	(4,283)	(1,661)	180	(53)	(5,817)
Total	8,486				92,176

The additions recorded under the heading "Property, plant and equipment in progress and advance payments" relate in full to the start of the construction of solar parks in Brazil for the development segment projects of Araxá and Pedranópolis, awaiting the completion of the construction process and its commissioning in the second half of 2022. The Araxá project consists of two photovoltaic plants located in the municipality of Araxá (State of Minas Gerais) with a capacity of 45MW each. The Pedranópolis project consists of three photovoltaic plants located in the municipality of Pedranópolis (Sao Paulo state) with a capacity of 30MW each. These projects include financing of 323,000 thousand Brazilian reals (59,562 thousand euros at the exchange rate at 30 June 2022) (see Note 10.2).

There were also additions from internally generated assets under "Assets under construction" amounting to 21,951 thousand euros (31 December 2021: 64,029 thousand euros) in respect of the Araxá and Pedranópolis projects, the impact of which is recorded under "Own work capitalised" in the condensed consolidated income statement.

The net book value of "Property, plant and equipment" items at 30 June 2022 and 31 December 2021 is as follows:

	Thousands of euros	
	30/06/2022	31/12/2021
Land and buildings:		
Buildings	3,539	3,620
	3,539	3,620
Plant and other property, plant and equipment:		
Plant and machinery	2,051	1,956
Tools, other fixtures and furniture	2,935	2,532
Other property, plant and equipment	715	716
	5,701	5,204
Non-current assets in progress:	140,983	83,352
	140,983	83,352
Total property, plant and equipment	150,223	92,176

8 Leases

The detail and movement of the items included in the item "Right-of-use" at 30 June 2022 and 31 December 2021 is shown below:

As of June 30, 2022

	Thousands of euros				
	Initial balance 01/01/2022	Additions	Collections	Translation differences	Final balance 30/06/2022
Cost:					
Land and buildings	19,819	583	(789)	55	19,668
Other fixed assets	654	4	(57)		601
Total cost	20,473	587	(846)	55	20,269
Accumulated depreciation:					
Land and buildings	(3,393)	(481)	685		(3,189)
Other fixed assets	(340)	(76)	-	-	(416)
Total accumulated amortisation	(3,733)	(557)	685	-	(3,605)
Total right of use	16,740	30	(161)	55	16,664

At 31 December 2021

	Thousands of euros				
	Initial balance 01/01/2021	Additions	Collections	Translation differences	Final balance 31/12/2021
Cost:					
Land and buildings	18,689	1,680	(700)	150	19,819
Other fixed assets	814	2	(162)	-	654
Total cost	19,503	1,682	(862)	150	20,473
Accumulated depreciation:					
Land and buildings	(2,882)	(1,163)	652	-	(3,393)
Other fixed assets	(157)	(281)	98	-	(340)
Total accumulated amortisation	(3,039)	(1,444)	750	-	(3,733)
Total right of use	16,464	239	(113)	150	16,740

The detail by maturity of the lease liability without discounting the financial effect is as follows:

2022

	Thousands of euros					
	2022	2023	2024	2025	2026 onwards	Total
Undiscounted lease liabilities	449	1,243	753	758	24,742	27,945

2021

	Thousands of euros					
	2021	2022	2023	2024	2025 onwards	Total
Undiscounted lease liabilities	1,753	1,528	1,399	1,373	23,367	29,420

9 Investments and loans in companies accounted for using the equity method

The changes in investments in companies accounted for using the equity method at 30 June 2022 and 31 December 2021 were as follows:

As of June 30, 2022

	Thousands of euros					
	Initial balance 01/01/2022	Cost-method investments	Revaluation (note 5.3)	Equity in income of investments accounted for by the equity method	Other contributions	Final balance 30/06/2022
Spanish SPVs (12 associates)	5,143	-	-	36	-	5,179
Italian SPVs (22 associates)	18,154	-	-	(63)	671	18,762
Total investments accounted for using the equity method	23,297	-	-	(27)	671	23,941

At 31 December 2021

	Thousands of euros					
	Initial balance 01/01/2021	Cost-method investments	Revaluation (note 5.3)	Equity in income of investments accounted for by the equity method	Other contributions	Final balance 31/12/2021
Spanish SPVs (12 associates)	4,101	60	964	18	-	5,143
Italian SPVs (42 associates)	-	206	14,057	24	3,867	18,154
Total investments accounted for using the equity method	4,101	266	15,021	42	3,867	23,297

The following table shows the effect on the main asset and liability aggregates considering the integration of the SPVs into the Group based on their percentage of ownership:

	Thousands of euros	
	30/06/2022	31/12/2021
Intangible assets	7,371	4,583
Property, plant and equipment	944	1,642
Other non-current assets	1,197	1,002
Current assets	3,307	2,394
	12,819	9,621
Other non-current liabilities	2,548	2,124
Other current liabilities	3,327	2,546
	5,875	4,670

10 Financial instruments

10.1 Financial assets

The composition of the financial assets at 30 June 2022 and 31 December 2021 is analyzed below, showing the following information:

- the different classes of financial instruments recognised by the Group on the basis of their nature and characteristics.
- the carrying amount of such financial instruments; and
- the fair value thereof (except for those financial instruments whose carrying amount approximates their fair value).

As of June 30, 2022

	Thousands of euros			
	Amortised cost	Fair value through other comprehensive income	Fair value through profit or loss	Balance at 30/06/2022
Non-current financial assets (note 10.1.1):				
Equity instruments		81	-	81
Other financial assets	12,935	-	-	12,935
Total non-current financial assets	12,935	81	-	13,016
Current financial assets (Note 10.1.2):				
Customer receivables for sales and services	137,573	-	-	137,573
Derivatives (note 10.3)	5,344	-	-	5,344
Other financial assets	-	-	1,149	1,149
Sundry debtors	902	-	-	902
Other current assets	5,940	-	-	5,940
Total current financial assets	149,759	-	1,149	150,908
Total financial assets	162,694	81	1,149	163,924

At 31 December 2021

	Thousands of euros			
	Amortised cost	Fair value through other comprehensive income	Fair value through profit or loss	Balance at 31/12/2021
Non-current financial assets (note 10.1.1):				
Equity instruments		81	-	81
Other financial assets	7,626	-	-	7,626
Total non-current financial assets	7,626	81	-	7,707
Current financial assets (Note 10.1.2):				
Customer receivables for sales and services	154,611	-	-	154,611
Other financial assets	4,910	-	-	4,910
Derivatives (note 10.3)	-	-	1,427	1,427
Sundry debtors	769	-	-	769
Other current assets	6,026	-	-	6,026
Total current financial assets	166,316	-	1,427	167,743
Total financial assets	173,942	81	1,427	175,450

10.1.1 Non-current financial assets

The change in the composition of "Non-current financial assets" at the end of the six-month period ended 30 June 2022 compared to 31 December 2021 is as follows:

As of June 30, 2022

	Thousands of euros					
	Receivable balance	Additions	Disposals	Exchange rate differences	Transfers	Receivable balance
Equity instruments	81	-	-	-	-	81
Other financial assets						
Long-term time deposits	908	-	(908)	-	-	-
Long-term recoverable tax balances	6,076	10,160	(5,660)	994	-	11,570
Long-term bonds and deposits	642	723	-	-	-	1,365
	7,707	10,883	(6,568)	994	-	13,016

At 31 December 2021

	Thousands of euros					
	Receivable balance	Additions	Disposals	Exchange rate differences	Transfers	Receivable balance
Equity instruments	84	-	(3)	-	-	81
Other financial assets						
Long-term time deposits	-	908	-	-	-	908
Long-term recoverable tax balances	3,652	2,614	-	62	(252)	6,076
Prepayments for equity instruments	753	578	-	(37)	(1,294)	-
Long-term bonds and deposits	639	4	(5)	4	-	642
	5,128	4,104	(8)	29	(1,546)	7,707

i. *Long-term and short-term recoverable tax balances (IPI and PIS/COFINS)*

The Group considers as recoverable tax balances those balances it holds with the Brazilian tax authorities in relation to IPI and PIS/COFINS taxes at its subsidiary Soltec Brasil Industria, Comercio e Servicos de Energías Renovaveis LTDA. Based on the estimates of the Parent's directors, it was considered that part of said assets will be recovered in the long term with the future profits obtained by Soltec Brasil that will be generated in said territory.

The movement in long-term and short-term recoverable tax balances from 31 December 2021 to 30 June 2022, and the movement during the period, has been as follows:

As of June 30, 2022

	Thousands of euros				
	Balance 31/12/2021	Additions	Collections	Translation differences	Final balance 30/06/2022
Other financial assets - Long-term tax recoverable balances	6,076	10,160	(5,660)	994	11,570
Other receivables from public administrations (Note 14.1)	6,558	17,726	(15,024)	1,073	10,333
	12,634	22,886	(20,684)	2,067	21,903

At 31 December 2021

	Thousands of euros				
	Balance 31/12/2020	Additions	Collections	Translation differences	Final balance 31/12/2021
Other financial assets - Long-term tax recoverable balances	3,652	2,387	-	37	6,076
Other receivables from public administrations (note 14.1)	2,982	6,528	(2,982)	30	6,558
	6,634	8,915	(2,982)	67	12,634

ii. *Prepayments for equity instruments*

The Group records as other non-current financial assets with third parties those amounts paid as part of the purchase process of certain Brazilian SPVs whose control had not yet been acquired at 30 June 2022 (see Note 5.2).

iii. Long-term guarantees and deposits provided

The Group recognised a total of 1,365 thousand euros under "Non-current deposits and guarantees" at 30 June 2022 (31 December 2021: 642 thousand euros) to show the payments made in respect of deposits made under the lease options necessary to secure the land on which to develop the solar projects associated with the SPVs.

10.1.2 Current financial assets other than derivatives

i. Receivables and other current assets

	Thousands of euros	
	30/06/2022	31/12/2021
Customer receivables for sales and services	137,573	154,611
Sundry debtors	31	5
Staff advances	871	764
	138,475	155,380

Contractual asset under the heading "Customer receivables for sales and services".

In the event that the amount of the production at origin of each of the installation services rendered is greater than the amount invoiced, the difference between the two items is recognized as a contractual asset.

At 30 June 2022, the Group has contractual asset balances (revenue pending invoicing) amounting to 37,487 thousand euros (37,115 thousand euros at 31 December 2021).

The provision for impairment losses on receivables at 30 June 2022 and 31 December 2021 breaks down as follows:

As of June 30, 2022

	Thousands of euros			
	31/12/2021	Additions	Amounts used	30/06/2022
Provision for impairment losses	3,553	-	(201)	3,352

At 31 December 2021

	Thousands of euros			
	01/01/2021	Additions	Amounts used	31/12/2021
Provision for impairment losses	3,038	553	(38)	3,553

Staff advances

Additionally, the Group paid 871 thousand euros in advances to personnel, which are recognised under "Sundry payables", as broken down above (31 December 2021: 1,135 thousand euros).

i. Other current financial assets

At 30 June 2022, the balance recorded for current deposits and guarantees, amounting to 1,149 thousand euros (31 December 2021: 4,910 thousand euros), was mainly due to fixed-term deposits for the realisation of projects by the development segment, largely in connection with the Manglares project in Colombia. These deposits are expected to be recovered in the second half of 2022 and are shown under “Other current financial assets” under “Current financial assets” in the accompanying condensed consolidated statement of financial position.

ii. Other current assets

The composition of the heading "Other current financial assets" corresponds mainly to advanced rent payments for leases of farms that are constituted as a reserve of land for the development of projects at the development segment.

iii. Cash and cash equivalents

At 30 June 2022, the balance of "Cash and cash Equivalents" corresponds in full to the available liquid balances of the current accounts held by the Group with banks. 11,688 thousand euros of these balances are currencies other than the euro, mainly US dollars and Brazilian reals.

10.2 *Financial liabilities*

The composition of the financial liabilities at 30 June 2022 and 31 December 2021 is analysed below, showing the following breakdown:

- the different classes of financial instruments recognised by the Group on the basis of their nature and characteristics.
- the carrying amount of such financial instruments; and
- the fair value thereof (except for those financial instruments whose carrying amount approximates their fair value).

As of June 30, 2022

	Thousands of euros		
	Amortised cost	Fair value through profit or loss	Balance at 30/06/2022
Non-current financial liabilities:			
Current debts payable to credit institutions	47,140	-	47,140
Lease liabilities (note 8)	16,043	-	16,043
Other financial liabilities	10,826	-	10,826
Non-current financial liabilities:	74,009	-	74,009
Current financial liabilities:			
Current debts payable to credit institutions	94,476	-	94,476
Lease liabilities (note 8)	1,636	-	1,636
Other financial liabilities	2,151	-	2,151
Trade and other payables	198,523	-	198,523
Derivatives (note 10.3)	-	3,173	3,173
Total current financial liabilities	296,786	3,173	299,959
Total financial liabilities	370,795	3,173	373,968

At 31 December 2021

	Thousands of euros		
	Amortised cost	Fair value through profit or loss	Balance at 31/12/2021
Non-current financial liabilities:			
Lease liabilities	15,881	-	15,881
Other financial liabilities	277	-	277
Non-current financial liabilities	16,158	-	16,158
Current financial liabilities:			
Current bank borrowings	92,781	-	92,781
Lease liabilities	1,708	-	1,708
Other financial liabilities	2,036	-	2,036
Trade and other payables	205,015	-	205,015
Derivatives	-	1,760	1,760
Total currentfinancial liabilities	301,540	1,760	303,300
Total financialliabilities	317,698	1,760	319,458

10.2.1 Other current and non-current financial liabilities

The breakdown of the balance recorded under "Other current and non-current financial liabilities" in the accompanying consolidated statement of financial position at 30 June 2022 and 31 December 2021 is as follows:

	Thousands of euros			
	Non-current		Current	
	30/06/2022	31/12/2021	30/06/2022	31/12/2021
Other financial liabilities -				
CDTI Loans	276	277		69
Deferred payments for purchase of SPVs	-	-	2,151	1,967
Shareholder loans (Note 15)	10,550	-	-	-
	10,826	277	2,151	2,036

i. *Liabilities for deferred payments for purchase SPVs*

The movement in deferred payments for purchases of SPVs, both long and short term at 30 June 2022 and 31 December 2021 is as follows:

	Thousands of euros						
	Initial balance	Additions	Reclassifications	Disbursements	Reductions	Financial revaluation	Final balance
30/06/2022	1,967	-	-	(279)	-	342	2,030
31/12/2021	8,011	-	-	(6,234)	-	190	1,967

The disbursements made mainly relate to liabilities associated with the Sol de Varzea project.

ii. Revolving loan with shareholders

On 27 January 2022, Powertis, S.A.U. and Grupo Corporativo Sefrán, S.L. (Sefrán Group) signed a revolving loan agreement to cover the ordinary expenses associated with the activities of the development segment.

This revolving loan agreement is essentially a credit facility of up to 10,550 thousand euros, which accrues an annual interest rate of 10% and matures on 31 December 2023. During the first half of 2022, drawdowns were made under the loan for an amount of 10,550 thousand euros and accrued interest amounted to 420 thousand euros. The contract also contains an additional clause granting a pre-emptive right of collection ahead of other creditors on the amounts accrued under the credit agreement (see Note 15.2).

Non-current and current financial liabilities other than derivatives

At 30 June 2022 and 31 December 2021, the balances shown under "Current financial liabilities" and "Non-current financial liabilities" in the accompanying consolidated statement of financial position are as follows:

	Thousands of euros	
	30/06/2022	31/12/20201
Non-current bank borrowings	47,140	-
Discounted lease liabilities	16,043	15,881
Other financial liabilities	10,826	277
Total non-current financial liabilities	74,009	16,158
Current bank borrowings	94,476	92,781
Discounted lease liabilities	1,636	1,708
Other financial liabilities	2,151	2,036
Trade and other payables	198,523	205,015
Total current financial liabilities	296,786	301,540

Contract liabilities under the heading "Trade and other payables"

At 30 June 2022, the Group had contractual liabilities (customer advances) amounting to 37,624 thousand euros (31 December 2021: 32,370 thousand euros).

i. *Non-current and current bank borrowings*

At 30 June 2022 and 31 December 2021, the balance of the headings "Non-current bank borrowings" and "Current bank borrowings" presented the following breakdown:

	Thousands of euros					
	30/06/2022			31/12/2021		
	Limit	Non-current	Current	Limit	Non-current	Current
Development segment loans						
Lending for SPV projects	59,562	47,140	2,144	-	-	-
ICO loans	-	-	3,088	-	-	3,582
Other credit policies	1,000	-	856	1,000	-	863
Industry segment loans						
Syndicated credit facilities	90,000	-	88,388	90,000	-	88,336
		47,140	94,476		-	92,781

On 11 February 2021, Soltec Energías Renovables, S.L.U. and subsidiaries successfully renewed the syndicated credit facility and initial guarantee facility arranged in 2018, the amount of which was 100 million euros maturing in 2021, in order to finance their specific supply and installation projects, as well as to bring the terms of their borrowing arrangements in line with market conditions. Therefore, following the maturity of the syndicated loan the Group proceeded to renew it in 2021, on the understanding that it constitutes a new debt which has led to the capitalisation of financial expenses in the amount of 2,266 thousand euros, which were recorded in accordance with the effective interest rate on the loan.

The renewal of the credit facility with a syndicate of financial institutions, is structured in two parts:

A. 10 million euros, which will be used to finance the working capital needs of Soltec Energías Renovables, S.L.U. and subsidiaries, including the cancellation of all existing short-term debt, as well as to reimburse any amount derived from the execution of the guarantee line contracted.

B. Conditional drawdown tranche in the amount of 80 million euros. The drawdown of this tranche is based on the approval by the syndicate of financial institutions of the supply and installation contracts entered into by Soltec Energías Renovables, S.L.U. and subsidiaries (hereinafter, the financeable contracts), and their repayment is conditional on the collections received as a result thereof, with the maximum date being the maturity date of the syndicated credit facility. In order to be considered as a bankable contract, the Group's customer must have a rating higher than BBB- or present a first demand bank guarantee from an entity of recognized prestige.

Also, on the same date as the renewal of the credit facility, Soltec Energías Renovables, S.L. and subsidiaries cancelled the aforementioned initial guarantee facility and signed a new guarantee facility agreement for a maximum amount of up to 110 million euros.

Said novated credit facility sets the maturity date at 11 February 2024. However, the directors' best estimate is that the drawdowns that are made are repaid in less than twelve months in accordance with the execution schedules for the projects on which the drawdowns are made. Therefore, bank borrowings are recorded under "Current bank borrowings". In addition, the Group's subsidiaries that meet a series of contractually established requirements, have pledged their cash balances and future credit rights to the repayment of the drawn down trances.

The annual interest rate on the credit facility is calculated on the basis of a fixed interest rate of 2.50% for the drawn down tranches (adjustable by a maximum of 0,025% based on the results of the sustainability indicators), a commission of 0.75% on the available and undrawn tranche, as well as a commission for drawing down the guarantee line of 0.2%. The syndicated credit facility has accrued an average interest rate of 2.56% in the first half of the 2021 period and has resulted in a financial expense in the 2022 period of 1,503 thousand euros recognized under "Financial expenses" in the accompanying condensed consolidated income statement for the year.

In accordance with the terms and conditions of the syndicated credit facility, the credit tranches drawn down will become immediately due and payable in the event of certain circumstances, including non-compliance with a financial ratio, calculated as the ratio between net financial debt and equity (NFD/Equity) for the group formed by Soltec Energías Renovables, S.L. and subsidiaries. This ratio is set at a maximum of 1.5 for the entire term of the contract. In addition, the syndicated credit facility agreement contains a number of obligations to be fulfilled. The directors expect this financial ratio to be met by the end of 2022.

On 25 March 2022, the development segment signed final financing agreements with Brazilian development banks for the Araxá and Pedranópolis projects, for a combined total of 323,000 thousand Brazilian reals (59,562 thousand euros at the exchange rate at 30 June 2022). The drawdown on this loan is conditional upon the Group obtaining the necessary bank guarantees to counter-guarantee the transaction. These bank guarantees were received once the Group completed the disbursement of 30% of the construction costs to be incurred. At 30 June 2022, the Group had posted provisions of 280,090 thousand Brazilian reals (51,649 thousand euros at the prevailing exchange rate at 30 June 2022). The costs of posting the loan amount to 2,365 thousand euros and these financial expenses have been capitalised as they were recorded at the effective interest rate of the debt. At 30 June 2022, the Group had drawn down a total of 280,090 thousand Brazilian reals (51,649 thousand euros at the June 2022 exchange rate) and held a balance of 47,140 thousand euros and 2,144 thousand euros, respectively, under "Non-current bank borrowings" and "Current bank borrowings".

Given the stage of development of the Graviola project (with financing granted on similar terms in the amount of 520,000 thousand Brazilian reals), the requirements for the release of such guarantees have not been met for the project. As a result, the Group had not drawn on such financing as at 30 June 2022.

The average interest rate accrued on the financial debt held by the Group in the first six months of the 2022 period amounted to approximately 2.95%.

ii. Current financial liabilities: Other current financial liabilities

The amount recorded relates mainly to the corresponding short-term portion of deferred payments for purchases of SPV's in Brazil.

iii. Creditors in payment processing agreements (Confirming)

At 30 June 2022 and 31 December 2021, the detail of the amounts remitted to the financial institutions for processing in thousands of euros was as follows:

	Thousands of euros			
	Limit	Amount under payment management	Withdrawn balance	Available balance
Balance as of 30/06/2022	12,000	-	7,630	4,370
Balance as of 31/12/2021	17,000	2,852	8,804	5,344

The heading "Advance amount" corresponds to those trade receivables whose collection has been advanced by the financial entity to the supplier. The Group classifies these amounts under the heading "Trade and other payables", when they relate to commercial debts not due which are therefore not classified as bank borrowings.

This amount is recorded under "Trade and other accounts payable - Suppliers".

At 30 June 2022, the Group's confirming facilities had indefinite maturities.

10.3 10.3 Derivative financial instruments

Details of the fair value of derivative financial instruments at 30 June 2022 and 31 December 2021 are as follows:

	Thousands of euros	
	30/06/2022	31/12/2021
Derivative financial assets:		
Derivatives classified as hedging instruments carried at fair value-		
Forward contracts in foreign currency	5,344	1,427
Derivative financial liabilities:		
Derivatives classified as hedging instruments carried at fair value-		
Forward contracts in foreign currency	(3,173)	(1,760)
	(2,171)	(333)

The Group does not apply hedge accounting as it does not meet the requirements of IFRS 9.

The fair value analysis was obtained from the valuation performed by the counterparties (banks and dealers specialised in exchange rate derivatives).

The impact of the change in the position of derivative financial instruments is included under "Change in fair value of financial instruments" in the condensed consolidated income statement for the six months ended 30 June 2022, the loss of which amounts to 1,691 thousand euros. In addition, at 30 June 2022, this heading shows the outcome of settling the financial instruments upon maturity, revealing a loss of 10,100 thousand euros.

The outstanding financial instruments will mature in the second half of 2022 and the first half of 2023.

11 Inventories

The breakdown of "Inventories" at 30 June 2022 and 31 December 2021 is shown below:

	Thousands of euros	
	30/06/2022	31/12/2021
Raw materials	47,928	56,445
Inventory in progress	9,897	10,276
Impairment	(324)	(1,133)
Advances to suppliers	16,960	5,265
	74,461	70,853

The Group has determined the possible impairment of its inventories based on the analysis of certain variables and internal reports on its inventory and the markets in which it operates. In this regard, the impairment calculation performed by the Group has been based on a detailed analysis of the turnover of its merchandise. Consequently, at 30 June 2022 the Parent's Board of Directors recognised a reversal of impairment on inventories of 809 thousand euros for inventories under "Supplies" in the accompanying condensed consolidated income statement. At 30 June 2022, the Group also held goods at warehouse locations amounting to 5,596 thousand euros (8,337 thousand euros for the year to 31 December 2021) over which it continues to exercise control. The Group has no inventories pledged to secure contracts.

12 Equity

12.1 Share capital and share premium

On 27 October 2020, the resolution adopted on 13 October 2020 by the General Shareholders Meeting to increase share capital by 150 million euros by means of cash contributions, with the waiver of pre-emptive subscription rights, through an offer for the subscription of shares of the Parent and application for admission to trading on the Spanish stock exchange was notarized.

On 28 October 2020, the Parent Company's IPO took place, prior to which the share capital was increased through the issue and flotation of 31,146,717 new ordinary shares of the Parent Company of the same class and series with a par value of 0.25 euros per share and a share premium of 4.57 euros applicable to the 30,881,767 newly issued ordinary shares subscribed for in the qualified investor tranche and in the non-qualified investor tranche (excluding the employee and commercial sub-tranches) and a nominal value of 0.25 euros per share and a share premium of 4.09 euros applicable to the 264,950 newly issued ordinary shares subscribed for in the employee and commercial sub-tranche. As a result, the total nominal amount of the issue amounted to 7,786,679 euros and the share premium was increased by 143,472 thousand euros. All the shares were fully paid up.

In addition, the majority shareholder (Sefran) exercised its right to sell or green shoe the shares it held by placing an additional 3,115 thousand shares in circulation on the market, equivalent to 3.41% of the total volume of company shares.

Following this transaction, the Parent's share capital at 30 June 2022 amounts to 22,847 thousand euros, represented by 91,397 thousand shares of 0.25 euros par value each, fully subscribed and paid.

All of the Parent's shares are admitted to public trading and are officially listed on the Barcelona, Bilbao, Madrid and Valencia stock exchanges. The share price at 30 June 2022 and the average share price in the last six months were 3.95 and 3.93 euros per share, respectively.

At 30 June, and according to the information obtained from the CNMV, in relation to the provisions of Royal Decree 1362/2007, of 19 October and Circular 2/2007, of 19 December, the shareholders owning significant direct and indirect stakes in the share capital of Soltec Power Holding, S.A., in excess of 3% of the share capital, are as follows, according to the public information:

	Shares			% of capital
	Direct	Indirect	Total	
Morales Torres Raul	0%	19,578%	19,578%	19,578%
Moreno Riquelme, José Francisco	0%	42,275%	42,275%	42,275%
Franklin Templeton Investment Corp	0%	3.10%	3.10%	3.10%
Schroders, PLC	0%	4.75%	4.75%	4.75%
FIT-Templeton Global Climate Change Fund	3,087%	0%	3,087%	3,087%

12.2 Reserves

At 30 June 2022 and 31 December 2021, the composition of the "Reserves" heading is as follows:

	Thousands of euros	
	30/06/2022	31/12/2021
Other reserves	(3,677)	(6,696)
Prior years' losses	(2,210)	(582)
Total reserves Parent	(5,887)	(7,278)
Reserves in fully consolidated companies	(702)	564
Reserves at companies accounted for using the equity method	3	(39)
Total consolidated reserves	(699)	525
Other shareholder contributions	106	108
Total reserves	(6,480)	(6,646)

12.3 *Shares of the Parent*

During the first six months of 2022, the Parent purchased 99,612 own shares, meaning that at 30 June 2022, the Parent held treasury shares amounting to 4,802 thousand euros.

The change during the first six months of 2022 was as follows:

	Number of shares	% of capital	Thousands of euros
Balance at 31 December 2021	438,656	0.48%	4,632
Additions	99,612	0.11%	170
Balance at 30 June 2022	538,268	0.59%	4,802

The Group maintains a liquidity contract for securities listed on the Madrid and Bilbao Stock Exchanges and included in the Spanish Stock Exchange Interconnection System, having made net purchases of 97,555 shares through to 30 June 2022.

12.4 *Loss attributed to the Parent*

The contribution of each company in the scope of consolidation to the consolidated results at 30 June 2022 and 31 December 2021 attributable to the Parent is as follows:

Company	Thousands of euros	
	30/06/2022	31/12/2021
Soltec Power Holdings, S.A.	(593)	(1,627)
Soltec Renewable Energy, S.L.	(3,268)	(13,155)
Powertis, S.A.	1,030	25,612
Soltec Energie Rinnovabili S.r.L.	(327)	8
Soltec America L.L.C.	662	895
Soltec Chile S.p.A.	775	(9,480)
Soltec Brasil Industry, Comercio e Servicos de Energías Renovaveis Ltd.	(4,840)	(2,625)
Soltec Energías Renovables, S.A.C.	(165)	165
Seguidores Solares Soltec SA de CV	(596)	(188)
Soltec Australia, PTY LTD.	(619)	50
Soltec Argentina, S.R.L.	(125)	(231)
Soltec Innovations, S.L.	3,003	5,290
Soltec Trackers PVT LTD.	4	30
Soltec France, S.L.	(11)	111
Soltec Trackers Colombia SAS	(1,477)	64
Soltec Commercial Consulting Co. Ltd	(7)	40
Seguidores Solares Portugal, Unipessoal Lda	27	-
SPVs - Spain	(272)	(1,381)
SPVs - Brazil	(1,598)	(4,075)
SPVs – Colombia	(394)	(237)
SPVs – Mexico	(562)	(285)
SPVs - Italy	(584)	(148)
Share in profits (losses) of companies accounted for by the equity method	(25)	42
	(9,962)	(1,125)

12.5 *Translation differences*

The composition of the heading "Translation differences" at 30 June 2022 and 31 December 2021 is as follows:

As of June 30, 2022

	Thousands of euros			
	Initial balance 31/12/2021	Increases	Decreases	Final balance 30/06/2022
Industrial segment -				
Soltec America L.L.C	74	-	(153)	(79)
Soltec Chile S.p.A.	1,337	-	(266)	1,071
Soltec Brasil Industria, Comercio e Servicos de Energias Renovaveis LTDA (Soltec Brazil)	(7,188)	2,423	-	(4,765)
Soltec Energías Renovables, S.A.C.	(31)	29	-	(2)
Seguidores Solares Soltec SA de CV	8	-	(75)	(67)
Soltec Trackers PVT LTD.	(72)	16	-	(56)
Soltec Australia, PTY LTD.	91	10	-	101
Soltec Trackers Colombia SAS	(15)	-	(178)	(193)
Soltec Commercial Consulting (Shanghai) Co. Ltd Ltd	15	5	-	20
Soltec Argentina, S.R.L.	(56)	-	(91)	(147)
Development segment -				
PLCs acquired under a business combination	(1,163)	6,345	-	5,182
Acquired SPVs	116	-	(958)	(842)
	(6,884)	8,828	(1,723)	223

At 31 December 2022

	Thousands of euros			
	Initial balance at 31/12/2020	Increases	Decreases	Final balance at 31/12/2021
Industrial segment –				
Soltec America L.L.C.	491	-	(417)	74
Soltec Chile S.p.A.	923	414	-	1,337
Soltec Brasil Industria, Comercio e Servicos de Energias Renovaveis LTDA (Soltec Brazil)	(7,412)	224	-	(7,188)
Soltec Energías Renovables, S.A.C.	(34)	3	-	(31)
Seguidores Solares Soltec SA de CV	23	-	(15)	8
Soltec Trackers PVT LTD	(99)	27	-	(72)
Soltec Australia, PTY LTD.	88	3	-	91
Soltec Trackers Colombia SAS	(20)	5	-	(15)
Soltec Commercial Consulting (Shanghai) Co. Ltd Ltd	-	15	-	15
Soltec Argentina, S.R.L.	-	-	(56)	(56)
Development segment –				

PLCs acquired under a business combination	(6,508)	5,345	-	(1,163)
SPVs acquired	432	-	(316)	116
	(12,116)	6,036	(804)	(6,884)

13 Warranties and contingencies

At 30 June 2022, the Group has a series of warranties for the obligations assumed in its commercial operations for the supply and installation of solar trackers. The maturity of these guarantees may vary depending on the characteristics of the solar tracker components. Thus, for electrical components there is a five-year warranty, while structural components have a ten-year warranty. In estimating the provision of warranties, the Group only considers the warranty for electrical components to the extent that possible structural damage arising from other materials is covered by insurance contracted with third parties, as well as by the counter-guarantee of the supplier that supplies these materials.

At 30 June 2022 the Group recognizes under "Non-current provisions" and "Current provisions" the estimated amounts of 2,893 thousand euros (2,884 euros thousand at 31 December 2021) and 2,514 thousand euros (1,551 thousand euros at 31 December 2021), respectively, relating to warranty commitments that it expects to meet as a result of contracts for the supply and installation of solar trackers.

In addition, the Group has recognized under current provisions an amount of 2,253 thousand euros (1,176 thousand euros at 31 December 2021) associated with the estimate made for repairs, replacements and exceptional work agreed with customers on facilities that at 30 June 2022 are in progress. The Board of Directors consider that, based on historical information, this liability reasonably reflects the expenses to be incurred in connection with the guarantees granted and repair agreements that have been agreed outside the framework of the supply contract initially signed with its customers. There are no further contingencies beyond those mentioned herein.

14 Tax status

14.1 Current balances with public administrations

The composition of current balances with public administrations at 30 June 2022 and 31 December 2021 is as follows:

	Thousands of euros			
	30/06/2022		31/12/2021	
	Receivable	Payable	Receivable	Payable
Tax authorities-				
VAT receivable	11,934	-	6,692	-
VAT payable	-	429	-	146
Receivable for withholdings made	979	-		-
Withholdings payable	-	582	-	716
Receivable due to PIS/COFINS (Note 10.1.1.ii)	10,333	-	6,558	-
Receivable due to foreign VAT	5,537	-	2,789	-
Payable due to foreign VAT	-	8,493	-	2,563
Accrued social security taxes	61	878	-	1,280
Other receivables balances	-	-	252	-
	28,845	10,382	16,291	4,705

The Board of Directors of the Parent Company have assessed, at 30 June 2022, the recoverability of these receivable balances with its tax advisers and concluded that all tax payments have been properly made in accordance with the applicable legislation in the countries in which the Group operates and, therefore, it is fully entitled to a refund of these amounts.

At 30 June 2022 and 31 December 2021, tax assets and liabilities were broken down as follows:

	Thousands of euros			
	30/06/2022		31/12/2021	
	Receivable balance	Receivable balance	Receivable balance	Receivable Payable
Current tax assets	594	-	790	-
Current tax liabilities	-	811	-	104
	594	811	790	104

14.2 Deferred tax assets recorded

The movement at 30 June 2022 and 31 December 2021 is as follows:

As of June 30, 2022

	Thousands of euros						
	01/01/2022	Additions	Reversions	Exclusions from scope	Other changes	Translation differences	30/06/2022
Deferred tax assets of the parent company:							
Impairment of loans and advances to Group companies	-	-	-	-	-	-	-
Provision for warranties	433	269	-	-	-	-	702
Other deferred tax assets	244	-	-	-	-	-	244
Other deferred tax assets							
Share-based incentive plan	752	426	-	-	-	-	1,178
R&D tax credits	2,535	-	-	-	-	-	2,535
Other deferred tax assets	1,340	889	-	-	-	-	2,229
Deferred tax assets of subsidiaries:							
Credits for losses to be offset	16,655	1,742	(1,093)	-	-	751	18,055
	21,959	3,326	(1,093)	-	-	751	24,943

At 31 December 2021

	Thousands of euros						
	01/01/2021	Additions	Reversions	Exclusions from scope	Other changes	Translation differences	31/12/2021
Deferred tax assets of the parent company:							
Impairment of loans and advances to Group companies	318	-	(318)	-	-	-	-
Provision for warranties	867	244	(678)	-	-	-	433
Other deferred tax assets	244	-	-	-	-	-	244
Other deferred tax assets							
Share-based incentive plan	-	752	-	-	-	-	752
R&D tax credits	1,535	1,000	-	-	-	-	2,535
Other deferred tax assets	375	995	(30)	-	-	-	1,340
Deferred tax assets of subsidiaries:							
Credits for losses to be offset	10,449	5,615	(866)	(194)	1,798	(147)	16,655
	13,788	8,606	(1,892)	(194)	1,798	(147)	21,959

Similarly, the change in tax loss carryforwards at 30 June 2022 and 31 December 2021 is as follows:

As of June 30, 2022

	Thousands of euros					
	01/01/2022	Additions	Reversions	Exclusions from scope	Translation differences	30/06/2022
Tax consolidation Soltec Power Holdings	10,073	-	(1,093)	-	-	8,980
Soltec Chile	647	-		-	80	727
Soltec Brazil	4,104	1,593	-	-	671	6,368
Soltec America	372	-	-	-	-	372
SPVs – Brazil, Colombia and Mexico	-	149	-		-	149
Soltec Colombia	193	-	-	-	-	193
Other	1,266	-	-	-	-	1,266
	16,655	1,742	(1,093)	0	751	18,055

At 31 December 2021

	Thousands of euros					
	01/01/2021	Additions	Reversions	Exclusions from scope	Translation differences	31/12/2021
Tax consolidation Soltec Power Holdings	6,395	3,678	-	-	-	10,073
Soltec Innovation	54	-	(54)	-	-	-
Soltec Chile	450	199	-	-	(2)	647
Soltec Brazil	1,859	506	1,798	-	(59)	4,104
Soltec America	713	-	(255)	-	(86)	372
Brazilian SPVs	728	-	(534)	(194)	-	-
Soltec Colombia	-	193	-	-	-	193
Other	250	1,039	(23)	-	-	1,266
	10,449	5,615	932	(194)	(147)	16,655

The main additions for the year arise as a result of the capitalisation of the tax losses from the tax consolidation of the Parent amounting to 1,742 thousand euros, as well as the capitalisation of tax loss carryforwards amounting to 1,093 thousand. The Parent Company's Board of Directors expect to recover this capitalized amount either by obtaining positive earnings before taxes or by selling these deductions to third parties.

Regarding the assessment of the recoverability of the loss carryforwards capitalised by the Group, the Parent's Board of Directors has conducted the relevant recoverability analysis. In this regard, according to the estimates and projections available to them, the taxable tax base forecasts in each of the jurisdictions in which they are capitalized, including the Spanish consolidated tax group, allow these tax loss carryforwards to be offset in a reasonable period of time, in all cases less than ten years.

In short, the deferred tax assets indicated above have been recognized because the Group considers that, based on the best estimate of its future results, including certain tax planning measures, it is probable that these assets will be recovered.

14.3 Deferred tax liabilities

The movement at 30 June 2022 and 31 December 2021 is as follows:

As of June 30, 2022

	Thousands of euros				
	01/01/2022	Additions	Reversions	Translation differences (note 6)	30/06/2022
Lease liabilities	24	-	-	-	24
Accelerated depreciation	145	-	-	-	145
Other differences in tax revenues	-	-	-	-	-
Identified intangible assets	1,068	-	-	174	1,242
Other deferred tax liabilities	32	37	-	-	69
	1,269	37	-	174	1,480

At 31 December 2021

	Thousands of euros				
	01/01/2021	Additions	Reversions	Translation differences (note 6)	31/12/2021
Lease liabilities	24	-	-	-	24
Accelerated depreciation	148	-	(3)	-	145
Other differences in tax revenues	364	-	(364)	-	-
Identified intangible assets	1,059	-	-	9	1,068
Other deferred tax liabilities	-	32	-	-	32
	1,595	32	(367)	9	1,269

15 Related parties

15.1 Related party transactions

Details of related party transactions during the six-month period ended 30 June 2022 and 30 June 2021 are as follows:

As of June 30, 2022

	Thousands of euros		
	Reference shareholder (*)	Associates	Other related parties
Revenue	-	-	57
Services provided	-	-	2
Services received	-	-	(938)
Financial expenses	(434)	-	(33)
Financing repaid during the year	-	-	-

(*) Corresponding to Grupo Corporativo Sefrán, S.L., which, as a result of the IPO described in Note 12.1 above, is no longer the majority shareholder.

As of June 30, 2021

	Thousands of euros		
	Reference shareholder (*)	Associates	Other related parties
Revenue	-	-	20
Services provided	-	224	13
Services received	-	-	(940)
Financial expenses	-	-	(188)
Financing repaid during the year	(771)	-	(319)

The "Services received" account includes, inter alia, the expense recorded as a result of the logistics and sales transport services provided by the Morarte Logistics Group, which is related to the reference shareholder of the Parent Company.

The amount of the "Finance expenses" account arises mainly from the interest on loans held with the reference shareholder partially settled at 30 June 2021 and other related parties, as well as finance costs associated with office and warehouse lease agreements held with related parties.

Transactions with associated companies correspond to transactions carried out after the loss of control of disposed of SPVs partially accounted for by the equity method.

15.2 Balances with related parties

The breakdown of related party balances at 30 June 2022 and 31 December 2021 is as follows:

As of June 30, 2022

	Thousands of euros		
	Reference shareholder (*)	Associates	Other related parties
Receivables and other current assets	-	-	46
Long-term shareholder loans (Note 10.2.1.ii)	(10,550)	-	
Other non-current financial liabilities	-	-	(9,260)
Other current financial liabilities	-	-	(715)
Trade and other payables	(453)	-	(184)

(*) Refers to Grupo Corporativo Sefrán, S.L. which, as a result of the IPO described in Note 12.1 above, is no longer the majority shareholder.

At 31 December 2021

	Thousands of euros		
	Reference shareholder (*)	Associates	Other related parties
Receivables and other current assets	-	-	335
Long-term shareholder loans (Note 10.2.1.ii)	-	-	-
Other non-current financial liabilities	-	-	(9,439)
Other current financial liabilities	-	-	(690)
Trade and other payables	-	-	(565)

(*) Refers to Grupo Corporativo Sefrán, S.L. which, as a result of the IPO described in Note 12.1 above, is no longer the majority shareholder.

The Group recognizes under "Other non-current financial liabilities" and "Other current financial liabilities", the amounts relating to the account payables as a result of the lease agreement with the companies related to the reference shareholder, concerning the lease of certain warehouses located in Spain where the Parent Company carries on part of its activities (see note 8).

The amounts shown under "Non-current shareholder loan" refer to the revolving loan arranged between Powertis, S.A.U. and Grupo Corporativo Sefrán, S.L. This revolving loan agreement is essentially a credit facility of up to 10,550 thousand euros, which accrues an annual interest rate of 10% and matures on 31 December 2023. During the first half of 2022, drawdowns were made under the loan for an amount of 10,550 thousand euros and accrued interest amounted to 420 thousand euros.

15.3 Information on directors

Remuneration and other benefits to the Board of Directors

During 2022, there were no changes in the governing body of the Parent, which takes the form of a Board of Directors comprising seven members (three women and four men), of which the former sole director is a member and of which the chairman of the board has performed the duties of chief executive officer.

During the first six months of the years 2022 and 2021, the Board of Directors and senior management of the Parent Company have accrued the following monetary income (including both incomes paid by the Parent Company and by any other subsidiary):

	Thousands of euros (*)	
	30/06/2022	30/06/2021
Remuneration for membership of the Board and/or Board Committees	164	175
Salaries	436	451
Variable cash remuneration	-	-
Share-based payments	716	716
Indemnities	-	-
Others	-	-
	1,316	1,342

(*) At 30 June 2021, senior management comprised all the chief officers and general managers of the industrial and development segment (at 30 June 2020, the sole director was considered to be senior management).

They have not earned any amounts classified as income in kind for their work as senior management or directors in addition to those indicated above in any of the periods.

There were no termination or severance payments to senior management or directors in the first six months of 2022. No advances or loans were granted to the Parent's directors in the first six months of 2022.

The Group has not assumed any obligation on behalf of the former sole director of the Parent or current directors. Also, at 30 June 2022, the Group has not assumed any pension plan or life insurance premium obligations with respect to the former sole director of the Parent or current directors.

The total amount accrued as an expense for the period for the civil liability insurance premium of the Parent Company's Board of Directors for damages caused by their acts or omissions amounts to 48 thousand euros at 30 June 2022.

16. Revenue and expenses

16.1 Revenue from contracts with customers

The Group derives most of its revenue from customer contracts for sale of products and rendering of services. The breakdown of revenue from ordinary activities during the six-month period ended 30 June 2022 and 30 June 2021 are as follows:

	Thousands of euros	
	30/06/2022	30/06/2021
Tracker supply	185,567	68,038
Installation services	44,686	10,785
Operation, maintenance and other services	14,280	8,231
	244,533	87,054

The Group also has sales in foreign currencies other than the euro, the breakdown of which by currency at 30 June 2022 and 30 June 2021 is as follows:

	Thousands of euros	
	30/06/2022	30/06/2021
U.S. Dollars	163,251	62,811
Brazilian Reals	69,576	7,716
Chilean Pesos	935	568
Mexican Pesos	426	416
Other currencies	477	364
	234,665	71,875

16.2 Supplies

The balance of "Supplies" for the six-month period ended 30 June 2022 and 30 June 2021 is as follows:

	Thousands of euros	
	30/06/2022	30/06/2021
Goods purchased	155,873	71,544
Variation of inventories	9,158	(14,274)
Work performed for other companies	13,928	11,158
Allowance (reversal) for impairment of inventories	(809)	854
	178,150	69,282

The distribution of merchandise purchases by geographical area is as follows:

	Thousands of euros	
	30/06/2022	30/06/2021
Spain and Portugal	35,969	43,791
China	39,544	19,203
Korea	13,799	5,558
Brazil	48,577	541
Australia	-	1,198
Others (*)	17,984	1,253
	155,873	71,544

(*) Other: Germany, Taiwan, France, Hong Kong, Mexico, Austria, Israel, United States of America, India, Finland, Italy, Czech Republic and Tunisia.

16.3 Other operating income

The balance of "Other operating income" at 30 June 2022 and 30 June 2021 is as follows:

Thousands of euros	30/06/2022	30/06/2021
Operating subsidies	-	1,001
Miscellaneous services	832	542
Other	-	10
	832	1,553

The balance of "Miscellaneous services" and "Others" includes the amount billed to third parties for services related to the maintenance, repairs and upkeep of solar farm facilities owned by third parties, as well as services billed to related parties for advisory services.

In addition, the “Operating subsidies” account includes operating income related to the tax deductibility of R&D activities, which reduce the amount of income tax payable, as well as operating subsidies granted by public bodies or independent third parties.

16.4 Personnel expenses

The heading "Personnel expenses" includes expenses for wages and salaries and social security expenses. The latter consists mainly of social security expenses payable by the company, as shown below:

	Thousands of euros	
	30/06/2022	30/06/2021
Wages and salaries	25,363	16,400
Provision for share-based payments	1,503	1,514
Other employee benefits:		
Social Security	6,073	3,927
Other employee benefits	19	173
	32,958	22,014

The amount accrued in personnel expenses through share-based payments for employees in 2022 amounted to 1,503 thousand euros (30 June 2021: 1,514 thousand euros) (see Note 16.4).

16.5 Other operating expenses

The composition of "Other operating expenses" at 30 June 2022 and 30 June 2021 is as follows:

	Thousands of euros	
	30/06/2022	30/06/2021
Outside services-		
Leases and fees	10,172	3,470
Repairs and maintenance	1,650	966
Independent professional services	12,491	11,024
Transport	32,877	6,296
Insurance premiums	2,326	1,475
Bank services and similar items	1,498	948
Advertising and publicity	1,372	628
Supplies	1,389	585
Other services	6,939	2,882
Tributes	*287*	334
Losses, impairment and changes in provisions for commercial operations	*1,098*	243
	72,099	28,851

The amount included under "Leases and fees" corresponds to, essentially, the lease expense recognized as a result of lease contracts that are excluded from the accounting for the lessee established in IFRS 16 due to their short term (term of less than 12 months) or because the underlying asset is of low value; these are mainly short-term leases of the machinery necessary for the rendering of installation services and vehicles. Similarly, this account includes variable rental payments that do not depend on an index or rate and are not included in the measurement of lease liabilities and right-of-use assets. This item has risen in line with the increased volume of business being carried out, such as installation services and operation, maintenance and other services.

The amount included under "Independent professional services" relates mainly to the expenses incurred for technical assistance in the projects executed and the professional services incurred in the development segment for the performance of studies and obtaining licenses for solar projects.

In addition, the amount shown under “Transport” relates mainly to the costs incurred in transporting inventories to final destination for the industrial segment. This item has increased in recent years due to higher costs for logistics services.

The amount included under "Other services" relates mainly to travel and maintenance expenses incurred by expatriate Group employees in the performance of the various international projects carried out by the Group.

16.6 Other profit/(loss)

The amount included under this heading relates mainly to the enforcement of guarantees for completed projects that were in the maintenance phase.

16.7 Financial expenses

The breakdown of "Financial expenses" in the condensed consolidated income statement for the six-month period ended 30 June 2022 and 30 June 2021 is as follows:

	Thousands of euros	
	30/06/2022	30/06/2021
Interest on syndicated credit facility	1,503	1,531
Interest on guarantees	183	109
Other financial expenses	1,034	1,161
Total financial expenses	2,720	2,801

17. Other information

17.1 Personnel

The average number of employees at 30 June 2022 and 30 June 2021 by category is as follows:

	Average number of employees	
	30/06/2022	30/06/2021
Department Director	58	35
Manager	351	325
Technician	705	336
Administrative	328	142
Operator	1,482	564
Total	2,924	1,402

The distribution by gender at 30 June 2022 and 30 June 2021, by category, is as follows:

	Number of people employed at closing							
	30/06/2022				30/06/2021			
Category	Man	Woman	Total	% Total	Man	Woman	Total	% Total
Department Director	47	14	61	2.1%	33	6	39	2.5%
Manager	273	80	353	12.1%	274	85	359	23.2%
Technician	560	146	706	24.1%	282	89	371	24.0%
Administrative	220	104	324	11.1%	72	85	157	10.1%
Operator	1,309	171	1,480	50.6%	574	49	623	40.2%
Total	2,409	515	2,924	100.0%	1,235	314	1,549	100.0%

The average number of people employed by the Group at 30 June 2022 and 30 June 2021 with a disability of 33% or more is 6 and 11 employees, respectively.

17.2 Share-based payments

On 1 January 2021, following acceptance by the employees concerned, the long-term incentive plan came into force for a maximum of 36 individuals, including the Parent's management and certain employees of Group companies. The purpose of this plan is to motivate and reward certain employees and senior executives appointed by the Parent's Board of Directors, enabling them to be included in the Group's long-term value creation.

The main features of the plan are as follows:

- Entry into force on 1 January 2021.

- Plan shares will vest at the end of the following periods:

    - First accrual period: January 1, 2021 to January 2, 2023; and,

    - Second accrual period: 3 January 2023 to 4 January 2025.

- The shares will vest upon fulfillment, at the expiration of each vesting period, of the following conditions:

    - Necessary condition of permanence in the participant's employment.

    - Performance conditions. The number of shares to be delivered to each of the participants will be determined on the basis of the performance of each of them, as well as the gradual achievement of certain performance ratios of the Group, associated with the total return obtained by the shareholder, EBITDA and free cash flow.

These performance ratios shall be calculated over the period from 1 January to 31 December of each of the accrual periods.

- Delivery of the shares will occur at the end of the deferral period of 365 days after the end of each vesting period.

In accordance with IFRS 2 "Share-based payments", this incentive plan is an equity-settled plan. In the first six months of 2022, an expense of 1,503 thousand euros (1,514 thousand euros in the first six months of the financial year 2021) accrued for this item under the heading “Personnel expenses”, with a balancing entry in the Group's equity.

At the date of preparation of these condensed consolidated financial statements, the Board of Directors consider that all the vesting requirements of the new share plan will be met.

18 Earnings per share

The detail of the earnings per share calculation is as follows:

Basic

Basic earnings per share is calculated by dividing net profit attributable to the parent by the weighted average number of ordinary shares outstanding during the year, excluding the average number of own shares held during the year, if any. Also, as a result of the 4-for-1 split in October 2020, the weighted average number is retrospectively modified in accordance with the appropriate standard in order to show comparative information.

At 30 June 2022 and 30 June 2021, basic earnings per share were as follows:

	30/06/2022	30/06/2021
Loss for the year attributable to the Parent (thousands of euros)	(9,962)	(19,858)
Weighted average number of ordinary shares	90,848,449	91,095,052
Basic earnings / (loss) per share (euros)	(0,109)	(0,218)

The average number of common shares outstanding is calculated as follows:

	Number of shares	
	30/06/2022	30/06/2021
Ordinary shares at the beginning of the period	91,386,717	91,386,717
Own shares	(538,268)	(438,964)
Average effect of outstanding shares	224,912	147,299
Weighted average number of common shares outstanding as of June 30	91,073,361	91,095,052

Diluted

As indicated in note 17.2, the Group has granted its executives a variable compensation plan payable in shares subject to the return rate obtained by the shareholder during the four-year period ending in January 2025 reaching a certain level.

Considering the characteristics of the plan and compliance with its conditions, at 30 June 2022 the plan would have a dilutive effect on earnings per share.

Diluted earnings per share are calculated by adjusting the profit for the year attributable to equity holders of the Parent and the weighted average number of ordinary shares outstanding for all dilutive effects inherent in the potential ordinary shares, i.e. as if all potentially dilutive ordinary shares had been converted.

To determine the potential ordinary shares of the variable remuneration plan, as indicated in paragraph 46 of IAS 33, it is considered, as if the plan consisted of a contract to issue a certain number of ordinary shares at the average market price during the year, which will not have a dilutive effect, and a contract to issue the remaining ordinary shares free of charge.

The breakdown of diluted earnings per share at 30 June 2022 and 2021 is as follows:

	30/06/2022		
	Thousands of euros	Thousands of shares	Earnings per share
Loss for the year attributable to equity holders of the Parent	(9,962)		
Weighted average number of shares outstanding		91,073	(0,109)
Weighted average number of potential ordinary shares to be delivered under the variable remuneration plan		1,143	
Weighted average number of potential unprovisioned ordinary shares at market price		(1,036)	
Other adjustments			
Diluted earnings per share	(9,962)	91,180	(0,109)

	30/06/2021		
	Thousands of euros	Thousands of shares	Earnings per share
Loss for the year attributable to equity holders of the Parent	(19,858)		
Weighted average number of shares outstanding		91,095	(0,218)
Weighted average number of potential ordinary shares to be delivered under the variable remuneration plan		1,143	
Weighted average number of potential unprovisioned ordinary shares at market price		(1,036)	
Other adjustments			
Diluted earnings per share	(19,858)	91,201	(0,218)

19 Subsequent events

There have been no additional material subsequent events, from 30 June 2022 to the date of preparation of these interim condensed consolidated financial statements that have not been appropriately disclosed in the notes above.

On 28 July 2022, a sale and purchase agreement was entered into between Powertis and the Italian company Acea Solar S.r.l. for a number of special purpose vehicles (SPVs). Under this agreement, Powertis S.A.U. is to transfer, to Aeca Solar S.r.l., 51% of the shares of 17 SPVs with a potential of 340 MW.

On 5 July 2022, a collaboration agreement was signed between Cruz Roja Región de Murcia and Luminora Solar II S.L. (Powertis holding company) for the installation of a 22 kW self-consumption plant at the Red Cross headquarters in Murcia.

20 Additional note for English translation

These condensed interim consolidated financial statements for the six months ended 30 June 2022 have been prepared in accordance in accordance with the requirements established by IAS 34, "Interim Financial Reporting", as adopted by the European Union for the preparation of interim condensed financial reporting in conformity with article 12 of Royal Decree 1362/2007.

In addition, the accompanying interim consolidated management report for the six months period ended June 30, 2022 contains such explanations as the parent's directors consider necessary regarding significant events which occurred during this period and their effect on these interim financial statements, of which it is not an integral part, as well as on the information required in conformity with article 15 of Royal Decree 1362/2007. It represents the English translated version.

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MANAGEMENT REPORT AT 30 JUNE 2022

1. POSITION OF THE COMPANY

Soltec Power Holdings, S.A. (hereinafter, "Soltec" or the "Parent") and subsidiaries (hereinafter, the "Soltec Group" or the "Group") form a consolidated group of companies operating in the renewable energy sector, particularly in the photovoltaic sector.

Soltec is currently one of the world's leading manufacturers of solar trackers, specialising in the development of integrated solutions for photovoltaic energy projects. Our portfolio of services ranges from the design and manufacture of solar trackers, also known as "trackers", to the development of photovoltaic plants.

1.1 MISSION AND VISION OF THE SOLTEC GROUP

In the 21st century, humanity finds itself in an unprecedented situation. Industrial development and population growth have put the planet at risk. Humanity is consuming natural resources at a rapid rate and energy needs have so far been met primarily by fossil fuels. Over the last 150 years, the carbon dioxide resulting from burning these fuels for transport, buildings and industry has accumulated in the planet's atmosphere. As a result, our atmosphere is retaining more heat from the sun than ever before (greenhouse effect) and for the first time in the planet's history, one species (humans) is changing the climate (global warming). The planet is facing previously unknown risks. Experts predict rising sea levels, a more extreme climate (droughts and floods, episodes of extreme cold and heat, the disappearance of species, mass migrations, famine, ...). Fortunately, the human being is both the cause of the problem and the only one who can reverse this serious situation. For the first time, man has the technology to decarbonize the planet. Technology developed by companies like Soltec, which specializes in photovoltaic solar energy. Soltec was born with the mission to create a clean and sustainable world based on efficient photovoltaic energy production. To achieve this, since its inception Soltec is determined to lead the global market for photovoltaic energy, offering reliable solutions through the latest technology. Soltec encourages its suppliers, customers and employees to share this vision and is committed to developing environmental and sustainability actions that spread these values.

1.2 STRUCTURE AND OPERATION

Soltec Power Holdings, S.A. was incorporated in Murcia (Spain) on 2 December 2019 in accordance with the Spanish Companies Act. Its registered office is at Calle Gabriel Campillo, Polígono Industrial La Serreta, s/n 30500, Molina de Segura (Murcia), where its main facilities are located.

It was formed by Grupo Corporativo Sefrán, S.L. (previously Bari Inversiones y Desarrollos, S.L., hereinafter, "the Sefrán Group") and Valueteam, S.L. (hereinafter, Valueteam).

Later, on 23 December 2019, under an agreement between the Company shareholders, Soltec Energías Renovables, S.L. (the Sefrán Group and Valueteam) and the shareholders of Powertis, SAU (the Sefrán Group, Valueteam and an individual), a non-monetary contribution was made to the Company Soltec Power Holdings, S.A. corresponding to 100% of the shares of Soltec Energías Renovables, S.L. and 100% of the shares of Powertis, S.A.U. This contribution was filed at the mercantile registry on 31 December 2019.

The non-monetary contribution entailed a capital increase of 296 million euros. Details of the shares issued by both companies.

SHAREHOLDER	Nº OF SHARES ISSUED FOR SOLTEC RENEWABLE ENERGIES CONTRIBUTION	NO. OF SHARES ISSUED FOR POWERTIS CONTRIBUTION	AMOUNT AT WHICH THE SHARES ARE ISSUED (EUROS)	SOLTEC ENERGIAS RENOVABLES (EUROS)	POWERTIS (EUROS)	TOTAL (EUROS)
Valueteam	3,600,000	855,000	19.75	71,100,000	16,886,250	87,986,250
Sefran Group	8,400,000	1,995,000	19.75	165,900,000	39,401,250	205,301,250
Natural person	-	150,000	19.75	-	2,962,500	2,962,500
Total	12,000,000	3,000,000	19.75	237,000,000	59,250,000	296,250,000

In addition, the distribution between share capital and additional share premium was as follows:

SHAREHOLDER	CAPITAL	SHARE PREMIUM	TOTAL (EUROS)
Valueteam	4,455,000	83,531,250	87,986,250
Natural person	150,000	2,812,500	2,962,500
Sefran Group	10,395,000	194,906,250	205,301,250
Total	15,000,000	281,250,000	296,250,000

During 2020 and as a result of the IPO process, the following significant events occurred. On 6 October 2020, the General Meeting of Shareholders of the Parent Company approved the split of the number of shares of the Parent Company by reducing their par value from 1 to 0.25 euros per share, at a ratio of 4 new shares for each old share, with no change in the amount of share capital.

On 27 October 2020, the resolution adopted on 13 October 2020 by the General Shareholders Meeting to increase share capital by 150 million euros by means of cash contributions, with the waiver of pre-emptive subscription rights, through an offer for the subscription of shares of the Parent and application for admission to trading on the Spanish stock exchange was notarized.

On 28 October, the Parent went public, prior to which it increased its share capital by issuing and placing into circulation 31,146,717 new ordinary shares of the Parent of the same class and series with a par value of 0.25 euros per share and a share premium of 4.57 euros applicable to the 30,881,767 newly issued ordinary shares subscribed for in the qualified investor tranche and in the non-qualified investor tranche (excluding the employee and commercial sub-tranches) and a par value of 0.25 euros per share and additional share premium of 4.09 euros applicable to the 264,950 newly issued ordinary shares subscribed for in the employee and commercial sub-tranche. As a result, the total nominal amount of the issue amounted to 7,786,679 euros and the share premium was increased by 142,213,321 euros. All shares were fully paid up.

In addition, the majority shareholder (Sefran) exercised its right to sell or green shoe the shares it held by placing an additional 3,115 thousand shares in circulation on the market, equivalent to 3.41% of the total volume of company shares.

In relation to these capital increases, the Parent recognized the incremental expenses associated therewith with a credit to reserves, net of the related tax effect, amounting to 8,086 thousand euros.

Following this transaction, the Parent's share capital at 31 December 2020 amounted to 22,847 thousand euros, represented by 91,387 thousand shares of 0.25 euros par value each, fully subscribed. This capital figure was unchanged at 30 June 2022.

At all times, the objective of the reorganization has been to provide the Group with an optimal corporate structure, which would allow it to initiate various corporate operations, including the launch of a public offering of shares.

The Group's core activities consist of:

a) The execution of all kinds of activities, works and services related to the business of promotion, development, construction and maintenance of electricity generating plants, including the manufacture, supply, installation and assembly of industrial equipment and other installations for such plants.

b) Providing assistance or support services to investee companies or those within the scope of the business group, for which purpose it may provide, in their favour, the financing, guarantees and consolidations that may be appropriate.

c) The management and administration of securities representing the equity of companies that are resident and non-resident in Spain through the appropriate organization of personal and material means, provided this activity does not fall in the scope of collective investment as defined in the appropriate legislation.

1.3 SEGMENTS, BUSINESS DIVISIONS

Following the integration of the businesses of Soltec Energías Renovables and Powertis at the company Soltec Power Holdings, the Group's activities are currently the installation, construction and marketing of photovoltaic solar trackers, which forms the Group's industrial segment (Soltec Energías Renovables, S.L. and subsidiaries), and the execution of photovoltaic projects, which is carried out by Powertis, and which constitutes the project development segment. Both business divisions are considered to be operating segments. In addition to these two business divisions, the Group has unveiled its new strategic plan for 2022–2025, heralding a new asset management business division: Soltec Asset Management. Through this new division, the aim is to obtain an additional stream of regular revenue from the sale of energy to ensure a stronger and more stable income statement, while also mitigating risks along the value chain.

The highest decision-making authority has evaluated the results of each of the divisions separately due to the inherent particularities of each one. In addition, both lines of activity are the basis for evaluating the results generated by the Group and on which management periodically reviews, discusses and evaluates management decision-making at corporate level.

In relation to the geographical segments in which the Group has distributed revenue in the last two years, the directors identified the following markets:

- Spain
- Brazil
- North America: United States of America and Mexico
- Rest of South America: Argentina, Chile, Colombia, Panama and Peru.
- APAC: Australia, China, India and Thailand.
- Others: Italy, Greece, Turkey, Denmark, Egypt, Israel, Jordan, Kenya and Namibia.

Our activity is performed at facilities located in Spain, Chile, the United States, Brazil, Peru, Mexico, Argentina, Australia, India, Italy, France, China, Colombia, the Arab Emirates and Denmark. The Group's international presence is a challenge that drives and motivates us to develop global practices and procedures that are transversal and applicable in all the countries where we are present. In this way, we ensure that the entire Group grows globally in a sustainable manner.

1.4 ORGANIZATIONAL STRUCTURE

The governing bodies of Soltec Power Holdings, as a listed company, have been set up in full compliance with the applicable legal provisions and the Good Governance Recommendations of the Spanish National Securities Market Commission, always observing the principle of compliance or explanation.

The governing bodies of Soltec Power Holdings, being a listed company, have been configured with absolute respect for the applicable legal provisions and the Good Governance Recommendations of the National Securities Market Commission, always observing the principle of "comply or explain". The governing bodies of Soltec are the General Shareholders' Meeting and the Board of Directors, which have the powers assigned to them by Law and the Articles of Association. In addition, both bodies have their own Regulations, which contain basic information on their organization and operation.

During the first half of 2020, the new bylaws were implemented, which have served to align Soltec with the transparency objectives required by the Good Governance Code of Listed Companies. The following is a brief description of the main updates and their impact on the different governing bodies

1.4.1 CORPORATE GOVERNANCE BODIES

A. GENERAL SHAREHOLDERS' MEETING

The General Shareholders' Meeting is the highest decision-making and control body of the Group in the matters within its competence, through which the shareholder's right to intervene in the taking of essential decisions is articulated. It represents all shareholders and all shareholders are subject to its decisions. The General Shareholders' Meeting has the power to decide on all matters attributed to it by law or the bylaws. Likewise, those decisions which, whatever their legal nature, entail an essential modification of the effective activity of the Group, shall be submitted to the approval or ratification of the General Shareholders' Meeting.

B. BOARD OF DIRECTORS

Each Group company has its own administrative body. In the case of Soltec Power Holdings, the company's governance is organised through a Board of Directors. The Board of Directors is the body to which the broadest powers and faculties are attributed to manage, direct, administer and represent the Company. It holds the powers attributed to it by Law and under the Articles of Association and has seven members: one executive director, three proprietary directors and three independent directors. The position of Chairman of the Board is held by the executive director, and there is a Coordinating Director, which is held by one of the independent directors. The ordinary management of the Company falls to the CEO, who holds all the powers not reserved exclusively for the Board by law and under the Articles of Association, and who concentrates his activity on the general function of supervision and on the consideration of those matters of particular importance for the Group

The Board of Directors is also organised into different committees, specifically: an Audit Committee, an Appointments and Remuneration Committee and a Sustainable Development Committee, each entrusted with the respective information, supervision, advisory and proposal duties specified by law and in these Articles of Association and further enacted in the Regulations of the Board of Directors.

With respect to the rest of the Group companies, Powertis has a Board of Directors comprising three directors, while at Soltec Energías Renovables and Soltec Innovations the governance of the company is organised through the figure of the Sole Director.

C. AUDIT COMMITTEE

The Audit Committee is made up of three directors, two of whom, including the Chairman of the Committee, are external. The Audit Committee's responsibilities include, among others, supervising the effectiveness of internal control and internal audit, and the process of preparing and presenting the mandatory financial information.

D. APPOINTMENTS AND REMUNERATION COMMITTEE

The Appointments and Remuneration Committee is also made up of directors, all of whom are independent. The position of chairman is held by an independent director. The general powers of the Committee are to propose and report on appointments and dismissals, in the legal and statutory terms provided.

E. COMMITTEE ON SUSTAINABLE DEVELOPMENT

The Sustainable Development Committee comprises three directors, two independent and one proprietary. The position of Chairman is held by an independent director. The Commission is considered to be an internal body of an informative and consultative nature, without executive functions, with powers of information, advice and proposal within its scope of action.

Soltec bases its commitment to sustainability on the positive impact that its activity generates on its Stakeholders. The products and projects implemented by the Company provide its customers with efficient and innovative energy solutions that have a positive impact on the communities in which Soltec operates and on the rest of society.

F. DUE DILIGENCE MECHANISMS

Lastly, the Board of Directors approved the Internal Code of Conduct on Matters Relating to the Securities Market, the purpose of which is to regulate the rules of conduct to be observed by Soltec, its governing bodies, employees and other persons subject to their actions related to the stock market.

These Regulations detail the rules of conduct in relation to proprietary trading, privileged information, market manipulation and treasury stock trading.

The Internal Code of Conduct on Matters Relating to the Securities Market applies to, among others, the members of the Board of Directors, senior management and employees who have access to privileged information, and also to our external advisors, when they handle said privileged information.

1.5 HISTORICAL DEVELOPMENT OF THE GROUP

Despite the incorporation of Soltec Power Holdings, S.A. in 2019, the Soltec Group's business began in 2004 with the incorporation of Soltec Energía Renovables, S.L., the year in which we started our operations in the field of EPC services (Engineering, Procurement and Construction) and the development of solar farms. It is not until 2007 when Soltec Energías Renovables consolidated itself as a manufacturer of solar trackers for photovoltaic parks, and the accumulated installed capacity of solar trackers stood at 20 MW at the end of 2007.

In the 2008 financial year, we began offering services in Italy. In addition, in 2009 we developed and launched the "Single-axis tracker", one of the first single-axis PV trackers in history.

Later in 2011, Solarfighter was launched, a highly technological product aimed at the retail market that opened the door to the industrialization of solar tracking equipment at the user level. 2012 also saw the market launch of the "SF Utility" tracker. These innovations allowed us to start a highly competitive tracker and a period of international expansion that materialized through the signing of a tracker supply contract for a 12 MW project in Chile in 2013.

2015 saw the opening of sales offices in the United States and Brazil, the purpose of which was to continue the process of internationalization and the search for new business opportunities in new markets in which the Group was not already present. The most relevant contractual highlight of 2015 was the signing of a 150MW contract in Chile for which we supplied our first bifacial trackers.

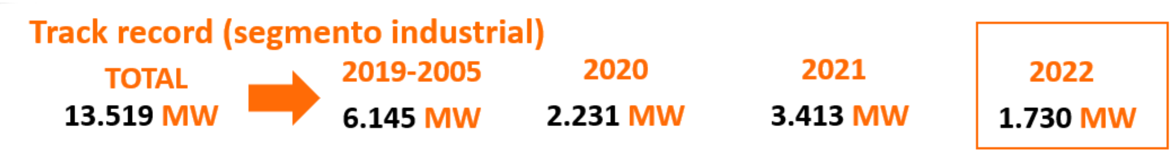
Continuing with the growth strategy, in 2016 we entered new geographical markets in Latin America. Specifically, in that year we signed contracts for the supply of photovoltaic trackers in projects located in Peru and Mexico with a capacity of 420 MW. We also signed our first project in the United States, for 150 MW, and several projects in Brazil for more than 800 MW.

The year 2017 in Spain marked a change of trend in the renewable energy market. This fact contributed to obtaining new photovoltaic renewable energy projects in Spain, specifically in that year we signed a contract for the manufacture of solar trackers in projects with an installed capacity of 90 MW. The execution of these projects meant the transformation of Soltec Energías Renovables, S.L. into one of the leading tracker manufacturers in the market.

Starting in 2018, the fundamental challenge for the Soltec Group was to consolidate our position in the global market for the supply and installation of trackers. To this end, the strategy followed by the Group's main shareholders was the creation of the company Powertis, which allowed us to initiate a process of vertical consolidation, the objective of which was to expand the portfolio of services offered throughout the value creation chain in the development of photovoltaic renewable energy infrastructure.

For the industrial segment, the Group has supplied and installed projects with a total installed capacity of 13.5 GW in recent years.

In the first half of 2022, we continued to focus our activities on the Americas, Brazil, and Europe, achieving a track record of 1,730 MW. In this regard, in the 2022 financial year, Soltec continued to consolidate itself as one of the world leaders in the sector, being among the best tracker manufacturers.



Focusing on Powertis' performance in the first half of 2022, while the company did not close any new deals, at 30 June 2022 it had a backlog plus pipeline of 13 GW (12,892 MW) of solar projects.

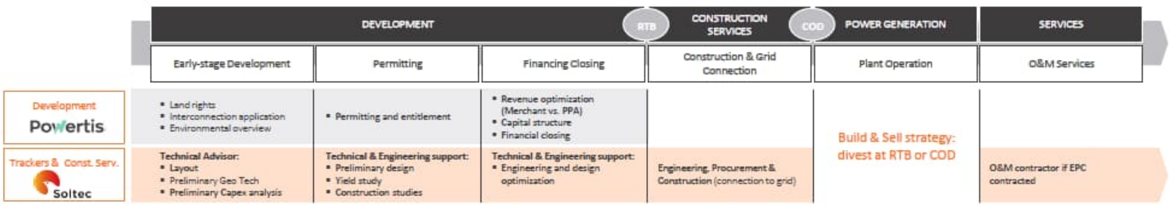
The distribution of this pipeline is focused on the markets of Brazil, Italy and Spain, with a total of 6 GW, 3 GW and 2 GW respectively.

1.5.1 BUSINESS MODEL

As mentioned earlier, the incorporation of Soltec Power Holdings, S.A. and the subsequent contribution of the businesses of Soltec Energías Renovables and Powertis to that company have made it possible to establish, both commercially and operationally, two distinct business branches, and moreover a new business branch will be considered once the new 2022–2025 strategic plan is unveiled:

- Tracker service line and services related to construction, which is carried out by the company Soltec Energías Renovables and subsidiaries, referred to as the "industrial" business segment
- Project implementation service line, which is carried out by Powertis and known as the “project implementation” business segment
- new asset management service line, which will be carried out by the company Soltec Asset Management (incorporated in June 2022) and will be known as the “SAM” business segment

The aforementioned vertical integration has given us a greater capacity to generate business opportunities through a larger portfolio of services.



The vertical integration strategy is based on three fundamental pillars:

1) The implementation of photovoltaic projects in strategic high-growth markets in which we have extensive experience.

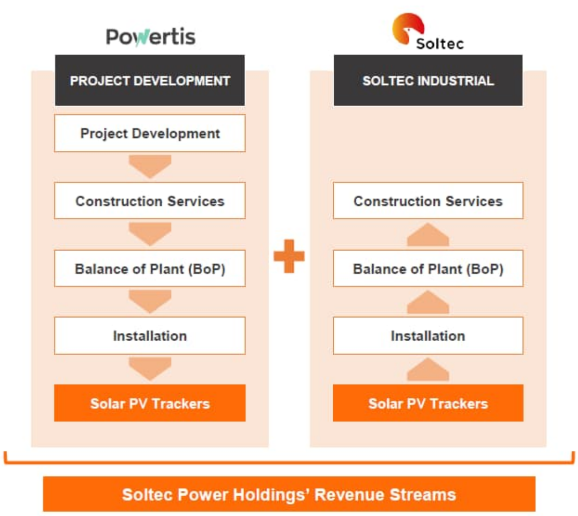
2) The supply of equipment and installation services, which refers to the entire solar park with the exception of the solar panel.

3) The incorporation of EPC services into our portfolio.

The implementation of the three pillars will lead us to be a vertically integrated company in the value scale. The implementation of the aforementioned strategy stems from our belief that we are able to generate significant resources from vertical integration. Specifically, we have identified that this strategy enables us firstly to increase the identification of opportunities and secondly to increase our presence along the value chain, which allows us to anticipate market trends.

In addition, we believe that the business of developing solar photovoltaic power generation facilities diversifies our risk exposure within the solar market, allowing us to capture and maximize additional margins.

Consequently, this strategy will allow us to maximize the obtainment of operating cash flows for the Group. By way of summary, we attach the income generation flow of the Soltec Group:



On the other hand, over the last few years we have experienced an increase in our customer portfolio. Our strategy of growth and internationalization has allowed us to increase the volume of sales to our five main customers and, despite this, we have managed to reduce the degree of concentration of sales in them.

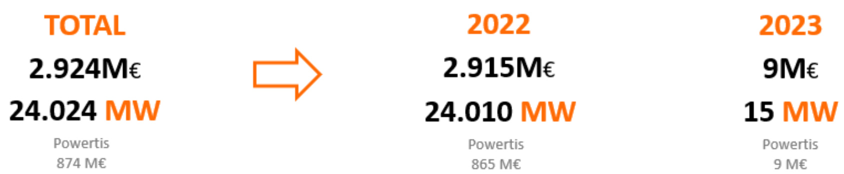
Our customer portfolio has undergone a process of constant growth, with our main customers being top-tier international groups.

1.5.2 OPERATING PORTFOLIO

Regarding the industrial segment, we have a solid portfolio of supply and construction projects, with a wide geographical diversification, as a result of the marked international nature of the Group. At 30 June 2022, our backlog showed an energy generation capacity of 2,223 MW on the supply side and 1,682MW on the services side.

Breakdown of the distribution of the backlog by amount and MW in terms of services rendered.

At 30 June 2022, a pipeline had been identified that will account for 2,924 million euros in revenue and 24,024 MW of installed capacity over the next two years. A portion of this pipeline, more precisely 874 million euros, will come from the Powertis segment. The following figure provides a breakdown by years, showing also the portion contributed by Powertis:



Moreover, at 30 June 2022, the development segment had identified a pipeline of 12,892 MW of installed capacity for the coming years, representing an increase of 2.5 GW compared to the 2021 pipeline. The pipeline of the development segment can be broken down into the following categories:

- Project backlog to be completed: 772 MW
- Projects in advanced stage: 3,267 MW
- Projects in early stage of development: 2,715 MW
- Projects flagged as identified opportunity: 6,188 MW

2. BUSINESS PERFORMANCE AND RESULTS

2.1 KEY FINANCIAL INDICATORS

Over the last two years, the Group has experienced a slowdown in the course of its business, largely on account of COVID-19 and rising costs for certain raw materials and inputs. Furthermore, the global disruptions to have mainly affected the logistics sector have generated an expected loss of margin.

The Group's priority in the industrial business segment is to recover EBITDA margins and keep them at the levels set out in the Group's guidance. To succeed in this task, the Group's management has established, since the onset of the disruptions, monitoring and corrective measures to mitigate their impact on the income statement. The Group's management and directors have also deployed measures to constantly review and assess these factors and are confident that, together with the measures taken during the year, these circumstances have a as well as the transitory nature to the extent that they remain the same.

As indicated above, the most significant disruption in the industrial segment has taken place within the logistics sector. The impact on this sector relates not only to cost increases, but also changes in market dynamics. In addition, the mobility of construction personnel has been restricted in some regions, although these restrictions have been gradually eased.

Some of the measures implemented by Group management to mitigate these disruptions include the following:

1. The terms and conditions of product delivery have been adjusted to prevent the price changes from having an impact on international logistics. These changes include the incoterm used, with a trend towards "Free On Board", and also the type of packaging, using "Breakbulk" instead of the conventional container.

2. In addition, new contracts are being signed with suppliers that have a larger international network, prioritising those suppliers that are closer to the projects so as to minimise logistical activity and the environmental impact.

With all these measures, Group management expects the business to perform well in the medium run and to significantly improve its margins.

The key figures of the interim results for June 2022 and 2021 are as follows:

THOUSANDS OF EUROS	30/06/2022	30/06/2021
Revenue	244,533	87,054
Gross margin	66,645	19,921
Gross margin	27%	23%
EBITDA	(6,184)	(19,364)
EBITDA Margin	n.m.	n.m.
Adjusted EBITDA	(5,086)	(19,121)
Adjusted EBITDA Margin	n.m.	n.m.
Net Profit	(9.)	(19,869)

Total assets at 30 June 2022 and 31 December 2021 amounted to 538,405 thousand euros and 476,951 thousand euros, respectively; equity came to 145,264 thousand euros and 125,822 thousand euros, and current and non-current liabilities stood at 393,141 thousand euros and 329,971 thousand euros, of which 141,616 thousand euros and 92,781 thousand euros related to debts with credit institutions at 30 June 2022 and 31 December 2021, respectively.

The Group is mainly exposed to exchange rate fluctuations of the US dollar, Chilean peso and Brazilian real.

REVENUE AND GROSS MARGIN

The Soltec Group has two main lines of activity: The installation and sale of photovoltaic solar trackers (industrial segment) and the execution of installation projects for the production of photovoltaic solar electricity (project development segment).

The business of the industrial segment, which focuses on photovoltaic trackers, accounted for almost all of the Group's net sales for the first six months of 2022 and 2021. During the first six months of 2022, this segment generated a total of 239,576 thousand euros in revenue. The Group's revenue amounted to 244,533 thousand euros at 30 June 2022, up 181% on the 2021 figure of 87,054 thousand euros.

The breakdown of revenue by geography is detailed below:

Ingresos	Miles de euros			
	Total a 30/06/2022	Peso 2022%	Total a 30/06/2021	Peso 2021%
España	16.938	7%	64.586	74,19%
Brasil	73.780	30%	1.195	1,37%
Norte América (*)	63.168	26%	15.231	17,50%
Resto Sudamérica (*)	73.020	30%	5.665	6,51%
APAC (*)	9.529	4%	211	0,24%
Otros (*)	8.098	3%	165	0%
Total	244.533	100%	87.054	100%

(*) **North America**: United States of America and Mexico. **Rest of South America**: Argentina, Chile, Colombia and Peru. **APAC**: Australia, India and Thailand. **Others**: Denmark, Egypt, Israel, Jordan, Kenya and Namibia.

PROFIT/(LOSS) FOR THE PERIOD ENDED 30 JUNE 2022

The result at 30 June 2022 was a loss of 9,968 thousand euros, compared to a loss of 19,869 at 30 June 2021. This improvement in earnings is largely down to the impact of the positive result obtained during the second half of 2022, when performance began on the 2022 projects that allow for an adjustment in sales price, thus yielding a better margin, However, the ongoing performance of old projects during the first six months of the year, which endured certain delays, had a negative effect on the total revenue figure. These improvements are expected to pick up notably over the coming months.

FINANCIAL SITUATION

Current and non-current liabilities at 30 June 2022 amounted to 8 thousand euros, compared to 329,971 thousand euros at 31 December 2021, up 62,077 thousand euros and largely due to an increase in non-current liabilities. Within this heading, the most significant variation comes from the item “Non-current bank borrowings”, which shows the disbursements made during 2022 for the financing of the Araxá and Pedranópolis projects amounting to 47,140 thousand euros.

As a result of this increase in bank financing, the Group's leverage was 33% at 30 June 2022, marking an increase on the 24% of total consolidated assets at 31 December 2021.

FINANCIAL DEBT

Non-current and current bank borrowings at 30 June 2022 amounted to 47,140 thousand euros and 94,476 thousand euros, respectively. This financial debt mainly comprises: (i) for the development segment, the financing loans from the Brazilian Development Bank for the Araxá and Pedranópolis projects; and (ii) for the industrial segment, the syndicated loan we signed in 2018 with a group of financial institutions and which in February 2021 was renewed with a final maturity of 2024. During this renewal process, in which the main terms of the loan were maintained, we negotiated an extension of a tranche for a maximum of 10 million euros to finance the Group's working capital needs.

FUTURE DEBT VARIATIONS

The medium-long term objective of the Soltec Group is to continue along the growth path of recent years, though without considering the two previous periods due to the exceptional circumstances that occurred. The Group also aims to further strengthen its financial position as it has done with the capital increase.

2.1.1 ALTERNATIVE PERFORMANCE MEASURES

The Group prepares its condensed consolidated financial statements in accordance with the International Financial Reporting Standards adopted by the European Union (IFRS-EU). Additionally, it presents certain Alternative Performance Measures ("APMs") to provide additional information that favours the comparability and understanding of its financial information and facilitates decision-making and an evaluation of the Group's performance. The APMs must be considered by the user of the financial information as complementary to the aggregates presented in accordance with the presentation bases of the consolidated financial statements, but in no case as substitutes for them. The most significant APMs are the following:

Gross margin

Definition of gross margin: Net amount of revenue + Variation in inventories of finished goods and work in progress – Supplies

Reconciliation of gross margin: the reconciliation of this APM with the consolidated financial statements at 30 June 2022 is as follows (figures in thousands of euros):

	30/06/2022	30/06/2021
Revenue	244,533	87,054
Changes in inventories of finished and semi-finished products	262	2149
Supplies	(178,150)	(69,282)
Gross margin	66,645	19,921

Explanation of use: the result or gross margin is considered by the Parent's directors to be a measure of its activity performance, since it provides information on the result or gross margin of the execution of the projects, which is obtained based on external sales and subtracting the cost incurred to achieve such sales. This margin is the best measure of the cost of manufacturing and supplying photovoltaic trackers.

Comparison: in 2022, the Group's gross margin improved significantly by 235% compared to the same period in 2021. This is mainly due to the fact that in the first half of the year the Group was already performing the new projects whose contracts included a selling price adjustment mechanism to reflect the cost increases of the main raw materials and logistic transport activity.

Gross margin on sales

Definition: Gross margin / Revenue

Reconciliation: The reconciliation of this APM to the interim financial statements at 30 June 2022 is as follows (figures in thousands of euros):

	30/06/2022	30/06/2021
Gross margin	66,645	19,921
Revenue	244,533	87,054
Gross margin on sales	27%	23%

Explanation of use: the gross margin on sales is considered by the Group's directors to measure the returns on its activities, since it provides information on the percentage contribution that said margin represents with respect to sales. Said contribution allows comparative analyses to be carried out regarding changes in the project margins for the Group's directors.

Comparison: during the first half of 2022 the gross margin on sales was up 4 points compared to the year to 30 June 2021, mainly due to the industrial segment, which in the first half of 2022 was already performing the new 2022 projects that carry a higher margin. However, the Group expects to further improve its margins during 2022, as the first half of 2022 also included older projects under which the selling prices cannot be adjusted to incorporate industry cost overruns resulting from COVID-19.

Net margin

Definition: Gross margin – Other personnel expenses – Other operating expenses + Losses, impairment and variations in provisions for commercial operations (See Note 10.1.2) – Allocation to the provision for guarantees (See Note 13).

Reconciliation: The reconciliation of this APM to the interim financial statements at 30 June 2022 is as follows (figures in thousands of euros):

	30/06/2022	30/06/2021
Gross margin	66,645	19,921
Personnel expenses	(32,958)	(22,014)
Other operating expenses	(72,099)	(28,851)
Losses, impairment and variations in provisions for commercial operations (see Note 16.5)	1,098	243
Net margin	(37,314)	(30,701)

Explanation of use: the net margin is considered by the Group's directors to measure the returns on its activities, since it provides information on the net margin of the projects that have been manufactured and installed during the period.

Said net margin is calculated on the basis of the result or gross margin, net of personnel expenses and operating expenses, excluding losses, impairments and changes in commercial provisions allocated in the year adjusted by the allocation of guarantee provisions.

Comparison: During the year to 30 June 2022, the net margin was down 22% on 30 June 2021. It should be noted that the impact of all revenues of the development segment for its ordinary activity is excluded from this APM by definition, the own work capitalised, which amounts to 31,393 thousand euros, and mostly corresponds to the work performed for the photovoltaic fields of two SPVs belonging to the group.

Net sales margin

Definition: Net margin / Revenue

Reconciliation: The reconciliation of this APM to the interim financial statements at 30 June 2022 is as follows (figures in thousands of euros):

	30/06/2022	30/06/2021
Net margin	(37,314)	(30,701)
Revenue	244,533	87,054
Net sales margin	-15%	-35%

Explanation of use: the Group's directors use the net sales margin to measure the performance of its activities, since it provides information on the percentage contribution that this margin makes with respect to revenue.

EBITDA

Definition: Net margin + Other operating income + Work carried out by the Group for its assets – Losses, impairment and variation in provisions for commercial operations (See Note 10.1.2) + Allocation to the provision for guarantees (See Note 13).

Reconciliation: The reconciliation of this APM to the interim financial statements at 30 June 2022 is as follows (figures in thousands of euros):

	30/06/2022	30/06/2021
Net margin	(37,314)	(30,700)
Other operating income	832	1,553
Works performed by the Group for its assets	31,396	3,163
Losses, impairment and changes in provisions for commercial operations	(1,098)	(243)
Results for the loss of control of SPVs	0	6,863
EBITDA	(6,184)	(19,364)

Explanation of use: EBITDA is considered by the Group's directors as a measure of the performance of its activity since it provides an analysis of the results for the year (excluding interest and taxes, as well as depreciation) as an approximation of the operating cash flows that reflect cash generation. Additionally, it is a magnitude widely used by investors when valuing companies, as well as by rating agencies and creditors to assess the level of indebtedness by comparing EBITDA with net debt and also comparing EBITDA with debt servicing.

Comparison: During the year to 30 June 2022, EBITDA improved by 68% compared to the year to 30 June 2021, mainly due to the industrial segment, which in the first half of 2022 was already undertaking the new 2022 projects that carry a higher margin. The Group expects to see a very significant improvement in margins and EBITDA over the coming months.

ADJUSTED EBITDA

Definition: EBITDA + losses, impairment and variations in provisions for commercial operations (See Note 10.1.2).

Reconciliation: The reconciliation of this APM with the interim financial statements at 30 June 2022 is as follows (figures in thousands of euros):

	30/06/2022	30/06/2021
EBITDA	(6,184)	(19,364)
Losses, impairment and changes in provisions for commercial operations	1,098	243
Adjusted EBITDA	(5,086)	(19,121)

Explanation of use: the Adjusted EBITDA is considered by the Group's directors to measure the performance of its activity, since it provides an analysis of the operating results excluding the commercial provisions that do not represent an outflow of cash flows.

Comparison: In the year to date, adjusted EBITDA has improved by 73% compared to the financial year through to 30 June 2021. This improvement, as for EBITDA (68% compared to 2021), is largely due to the industrial segment, which in the first half of 2022 is already performing the new 2022 projects, which carry a higher margin. This improvement could have been higher, were it not for the fact that the first six months of 2022 also included the ongoing performance of older projects whose selling price could not be adjusted to reflect the increase in logistics and raw material costs. The Group expects to see a very significant improvement in margins and EBITDA over the coming months.

BORROWINGS

Definition: Current bank borrowings + Non-current financial liabilities + Other current financial liabilities + Derivatives

Reconciliation: The reconciliation of this APM to the interim financial statements at 30 June 2022 is as follows (figures in thousands of euros):

	30/06/2022	31/12/2021
Current bank borrowings	94,476	92,781
Non-current financial liabilities	74,009	16,158
Other current financial liabilities	3,787	3,744
Derivatives	3,173	1,760
Loans (borrowings)	175,445	114,443

Explanation of use: Loans (Borrowings) are considered by the Group's directors to measure the returns on its activity, since they measure the Group's financial position and are necessary to calculate leverage aggregates typically used in the market.

Comparison: During the year to 30 June 2022, Borrowings increased by 53% compared to 2021. This increase is largely due to the development segment, which (i) has carried out draw-downs on the loan with the Brazilian Development Bank in the amount of 280,090 thousand Brazilian reals (51,649 thousand euros at the prevailing exchange rate at 30 June 2022) (see Note 10.2.1 – Financial liabilities) and (ii) maintains a long-term loan with the shareholder Grupo Corporativo Sefrán, S.L in the amount of 10,550 thousand euros (see Note 15.2 – Related parties).

Net financial debt

Definition: Loans (borrowings) – Current financial assets - Cash and cash equivalents (excluding those other treasury components that are pledged as collateral for the syndicated loan).

Reconciliation: The reconciliation of this APM to the interim financial statements at 30 June 2022 is as follows (figures in thousands of euros):

	30/06/2022	31/12/2021
Loans (borrowings)	175,445	114,442
Current financial assets (Note 10.1.2)	(6,494)	(6,337)
Cash and cash equivalents - available cash (Notes 10.1.2.v)	(21,469)	(36,180)
Net financial debt	147,482	71,925

Explanation of use: Net Financial Debt is a financial aggregate that measures the net debt position of a company. Additionally, it is an aggregate widely used by investors when assessing the net financial leverage of companies, as well as by rating agencies and creditors to assess the level of net indebtedness.

Comparison: During the first half of 2022, net financial debt was up 105% compared to 2021. This is largely due to the financing issued for the development segment.

Leverage

Definition: Loans (borrowings) / Total assets.

Reconciliation: The reconciliation of this APM to the interim financial statements for 2021 is as follows (figures in thousands of euros):

	30/06/2022	31/12/2021
Loans (borrowings)	175,445	114,442
Total assets	537,312	476,951
Leverage	33%	24%

Explanation of use: leverage is an indicator that measures the company's debt position. It is widely used by investors when assessing the financial leverage of companies in the sector, as well as by rating agencies and creditors to assess the level of indebtedness.

Comparison: In the year to date, the financial leverage has increased by 36% compared to 2021, mainly as a result of the increase in loans for the development segment in the first half of 2022.

3. LIQUIDITY AND CAPITAL RESOURCES

3.1 LIQUIDITY

The most significant financial resources of the Group, as well as the policy we follow for their use, are set out below.

Item (thousands of euros)	30/06/2022	31/12/2021
Cash and cash equivalents	21,470	36,180
Current financial assets	6,493	6,337
Current financial liabilities (Short-term debts)	101,436	98,285
Non-current financial liabilities (Long-term debt)	74,009	16,158

Prudent liquidity risk management involves maintaining sufficient cash and the availability of financing through a sufficient amount of credit facilities. In this regard, the Group's strategy is to maintain, through our financial department, the necessary flexibility in financing through the availability of credit lines. With respect to working capital, the difference between current assets and liabilities at 30 June 2022 was a negative 35,434 thousand euros. The composition of the working capital must be understood separately for the industrial segment and for the project development segment.

INDUSTRIAL SEGMENT

At 30 June 2022, the working capital of this segment amounted to 16,610 thousand euros. Although the magnitude of the working capital considered in isolation is not a key parameter for understanding the Group's consolidated interim financial statements and their corresponding explanatory notes, the Group actively manages the working capital through the effective management of working capital and Net Financial Debt, based on the solidity, quality and stability of the relationships with its customers and with the partners with which it has made investments in other countries, as well as exhaustive monitoring of its situation with the financial institutions. The composition of working capital is affected by the decision to classify the syndicated revolving credit facility maturing on 11 February 2024 as current (see Note 10.2 to the interim financial statements), due to the nature of the contracts financed.

Work is currently underway to improve the terms and conditions of contracts with customers and to diversify the customer portfolio in order to reduce the Group's heavy reliance on a relatively small number of customers, and also to optimise payment of terms with suppliers. In this way, the Company seeks to mitigate the risk of non-payment or late payments by customers that could generate a cash deficit at the Group. Efforts to change this situation are materialising.

In addition to the efforts to change and improve the customer portfolio, the Group is also pledging to improve the terms and conditions agreed with suppliers, analysing in greater detail the risks of the potential suppliers with which it wishes to enter into contracts. The aim of these measures is to improve cash flows in order to mitigate the Group's risks of insolvency or non-payment, thereby reducing the consumption of external borrowing, keeping the business running and enabling its growth.

PROJECT DEVELOPMENT SEGMENT

During the first half of 2022, Powertis consolidated the expansion of its operations by identifying various projects across the different regions in which it operates. In the year to date, further investments were made in projects in Brazil, some of which are already close to the COD phase, and the development of various greenfield projects in different parts of the world 1continued.

[1] Developed since the outset with the incorporation of the SPV

The working capital of the development segment is a negative 47,112 thousand euros. This amount is largely due to the nature of the development activity, which holds the PLCs of the SPVs under intangible assets and investments under the equity method as non-current assets. During the first six months of 2022, the development segment did not make any divestments entailing loss of control. The group expects to carry out all the operations of its strategic planning in the second half of 2022. While these statements were being drawn up, the Group sold one of its controlling stakes, as a result of which it received cash flows of 5,128 thousand euros in July and expects to receive a further 2,237 thousand euros in September (see Note 6 – Subsequent events).

3.2 CAPITAL RESOURCES

The Group's objectives in relation to capital management are to safeguard its ability to continue as a going concern, to provide returns to its shareholders and to maintain an optimal capital structure by reducing the cost of capital.

In the Group's industrial activity, projects are financed through the syndicated loan negotiated from its Parent in Spain, with the country's main banks, specifically adapted to the particular operation of the photovoltaic technology industrial sector business.

During the first half of 2022, the project development segment signed a new financing agreement for the Araxá and Pedranólopis projects with the Brazilian Development Bank for a combined amount of 323,000 thousand Brazilian reals (59,562 thousand euros at the prevailing exchange rate at 30 June 2022).

3.3 ANALYSIS OF CONTRACTUAL OBLIGATIONS AND OFF-BALANCE SHEET TRANSACTIONS

MAIN RISKS AND UNCERTAINTIES

The Group is committed to risk management. Risks are assessed and dealt with through the Risk Management Department.

The Company has a tool to detect and measure risks. This system enables the proactive management of operational risks and those related to the financial situation. It is used to assess the risks to which we are exposed based on their probability of impact and severity. The system makes it possible to control risks, and through periodic updates, to have the capacity to act and adapt, mitigating the threats that may arise from the changing and globalized environment in which the Group operates.

Risks are classified into operational risks and risks related to the financial position.

3.3.1 OPERATING RISKS

Main risks and management strategies	
Identified risk	*Risk management strategies*
Operating risks	
Uncertainty associated with the demand for products and services in a changing and pandemic-affected environment.	Scaling of resources to undertake all projects delayed during 2021 and to be completed in 2022 Commercial follow-up to main customers. Prospecting for new customers. Follow-up on opportunities for regulatory changes and budget allocation. Local presence in key countries.
Potential problems arising from natural disasters	Transfer to the insurance market. Transfer of ownership and risk to customers. Local presence in key countries.
Potential problems resulting from system failures and/or power outages	Diversification of suppliers both in terms of companies and geographically. Local presence in key countries. Transfer to the insurance market.
Strategic risks	
Difficulties in adapting to different regulatory environments	Local presence in key countries. Local legal and tax advice. Follow-up of local design regulation updates. Transfer to the customer with regulation of clauses for changes to the law and variations
Political and social instabilities	Local presence in key countries. Local legal and tax advice. Transfer to the insurance market. Travel policy with follow-up of the situation in each country.
Growing competitiveness of the industry	Investment in R&D&I. New products. Study of synergies and new lines of business. Continuous improvement systems. Local presence in key countries. Agreements with key players in the industry
Reduction of solar tracker prices	Local presence in key countries. Supplier price optimization. Design optimization through investment in R&D&I.

Main risks and management strategies	
Identified risk	*Risk management strategies*
	Establishment of framework agreements with suppliers. Monitoring the fluctuation of the price of raw materials.
Security of information linked to product R&D	ISO 27001 Certification. Designation of a safety officer. Implementation of access control at the headquarters. Conducting a security audit. Non-competition covenants on key personnel.
Regulatory risks	
Adaptation to potential regulatory changes	Local presence in key countries. Local legal and tax advice. Follow-up of local design regulation updates. Transfer to the customer with regulation of law change clauses and variations.
Potential non-compliance at the operational level	Local presence in key countries. Local legal and tax advice. Follow-up of local design regulation updates. Transfer to the customer with regulation of law change clauses and variations. Requirement of clear project specifications to customers.

3.3.2 FINANCIAL RISKS

The risks related to our financial position that affect us are detailed below:

MARKET RISK

The existence of bank borrowings tied to variable interest rates on part of the financial debt means that the Company is subject to the risk of interest rate fluctuations, which directly affect the business's income statement and cash flow generation.

Every year a business model is drawn up that establishes a three-year forecast of how the main financial aggregates will perform, based on the business outlook, reviewed with the rest of the Company's departments.

From this exercise you can read how cash is going to perform, the Company's main financial ratios and variations in sales, among others, which is why it serves to depict the long-term financing needs of the Company, to facilitate the success of the business.

Financing structure. Industrial segment

Due to the nature of the company's business model, as long as we are able to achieve a balance between the forms of payment to suppliers and the forms of collection from our customers, a very high financing structure should not be necessary, even more so as we achieve greater size and solvency ratios, at which point its negotiating capacity with both customers and suppliers will be greater. This is possible because the company does not require intensive investment in non-current assets. In view of the above, the Parent of the tracker installation and supply segment, Soltec Energías Renovables, S.L.U., contracts and manages the Group's financing because (i) it has the greatest solvency and can therefore obtain the highest amount at the best price, (ii) the Group's ownership and senior management are located in Spain, in addition to the specialised technical and financial team, and (iii) the Group has a relationship of mutual knowledge and trust with Spanish banks, which is financed in euros with the European Central Bank. The financing is in euros because (i) it is the Company's functional currency, (ii) the macroeconomic environment means that the reference rates are negative, which makes debt servicing more attractive than in other currencies, and (iii) also because, as the Company was created in Spain, the main relationships to date have been with Spanish banks, which are able to offer financing in euros at more competitive prices. In relation to the interest rate risk implicit in the financing, we seek to minimize any relevant risk in each of the areas, although, as is currently the case, as long as the financing is through a credit line, where there is no certainty of the balances drawn down, hedging is not considered efficient in these circumstances. Lastly, it should be highlighted that the financing contracted by the Company has a time horizon of no more than three years and, therefore, interest rate fluctuations in the eurozone are not considered to be a highly significant risk. On 11 February 2021, the syndicated loan agreement was amended by novation as follows:

- ✓ Unrestricted tranche for a maximum amount of up to 10 million.
- ✓ Conditional drawdown tranche up to 80 million euros
- ✓ Guarantee line for a maximum amount of 110 million euros.
- ✓ Modification of the interest rate on the tranche drawn down to 2.5% adjustable by the result of the sustainability report.
- ✓ The amortisation of the tranches is set for 11 February 2024.
- ✓ The financial ratio is modified to NFD/Equity, which must be less than 1.5 throughout the life of the contract.

Financing structure. Project development segment

Within the development division, at 30 June 2022 bank debt was recognised at a variable rate, which could have an effect on the Company's income statement should that rate change. Currently, the bank debt held by this division can be divided into current (operating) and non-current ("Project finance"). The operating component has largely been applied to finance development expenses incurred, while the non-current debt is used to finance the development of the solar plants held by the segment, specifically Araxá and Pedranópolis. As the photovoltaic solar plant development projects mature, project finance structures will be required with a longer-term debt life, which will increase the risks in the event of variations and will require the Company to define stricter financial policies.

FOREIGN EXCHANGE RISK

Our business is highly internationalized and therefore subject to the influence of several currencies. Within these currencies, the US dollar and the Brazilian real are particularly important. Exchange rate risk manifests itself differently in each of the Group's segments.

Industrial segment

Given the Group's strategy, which is highly focused on international business, both in terms of sales and purchases, and given that most of the costs of the head office are in euros, it is significantly exposed to exchange rate risk. Exchange rate risk is generated in two ways:

a. Via projects.

A large part of sales are made in currencies other than the euro, which is why the policy is to hedge all relevant open positions, except for exceptions authorized by the financial management. It should be recalled that, in some cases, due to the characteristics of the project, it is possible to offset the exchange rate risk by transferring the payment of certain services (salaries, purchases from local suppliers, etc.) to the currency in which they are received. This offset can only be performed after a detailed study of the cash flow of the projects conducted by the financial department.

b. By financing its subsidiaries.

International growth creates opportunities to create new subsidiaries in different countries. Although it is possible that these subsidiaries are born with specific projects to carry out, at the beginning it is usual that they require financing to start operating. For these needs, the Parent sends financing to its subsidiary, establishing amortisation schedules for both capital and interest. When the functional currency of the subsidiary is different from the euro, the Parent assumes the exchange rate risk, establishing such financing in the currency of the subsidiary, with exceptions at the discretion of the financial management. The main tools used by the company are:

- Natural hedging, by minimising the use of different currencies for each project.

- Arrangement of derivatives to set exchange rates through forward contracts.

At the end of June 2022, the Company has arranged exchange rate insurance for the sale of Brazilian reals, Chilean pesos and US dollars. These insurance policies are specifically designed to cover cash flows of projects under execution.

Project development segment

The Group's project implementation has an international presence, currently grouping projects in Latin America with Brazil, and in Europe with projects in Spain and Italy. In the development area, the greatest exchange rate risk arises from the investment in the Brazilian market. This exposure to changes in the exchange rate of the Brazilian real can affect us at different levels:

- Exposure of capital invested in companies with revenues in Brazilian reals.

- Debt pending payment for the acquisition of the photovoltaic solar plants. The outstanding debt for the acquisition of the ownership interest in these companies is denominated in Brazilian reals and, although it does not have an immediate effect on the income statement, it is reflected in the value of the ownership interest and may affect future results. Although development costs are incurred in local currency, financing from the parent company to the subsidiaries is arranged in euros and can therefore be affected by changes in the exchange rate against the euro, with the exception of the project finance for the projects located in Brazil (Araxá and Pedranópolis), which is denominated in Brazilian reals.

During the first half of 2022, the Group's exposure to other currencies such as the Brazilian real and the US dollar has been relevant, prompting the Group to hedge this exposures with derivative financial instruments.

All this means that, given the maturity and the recent start of operations, at 30 June 2022 we do not have exchange rate hedging instruments. That said, we are constantly monitoring the evolution of exchange rates and we are studying the implementation of the best tools to mitigate exchange rate risk and its possible future effects on the income statement.

PRICE RISK OF FINANCIAL INSTRUMENTS

Exposure to equity security price risk tends to be nil as there are no investments held by the Group that are classified in the consolidated balance sheet as available-for-sale or at fair value through profit or loss.

COMMODITY PRICE RISK

Within the industrial segment and given the renewable nature of the Group's tracker supply business, there is controlled exposure to the price of raw materials used in the production process, since during the negotiation of projects, variations in raw material prices are directly passed on to projects, and when the projects are signed, purchases of the necessary raw materials are made to order, thereby locking in the raw material price structure for the project in question.

CREDIT RISK

Note 10 to the consolidated interim financial statements shows the balances of trade and other receivables. The credit risk arising from cash and cash equivalents and deposits with banks and financial institutions is considered to be significant due to its weight within asset items. To mitigate the credit risk of the industrial business, credit insurance has been taken out and, as part of the Group's financial policy, all projects are subject to strict financial control as a mandatory filter to sign projects. In addition, the structure of the syndicated loan requires us to enter into contracts with companies with a BBB- rating with the main credit agencies, or fully covered by the credit insurer.

The Group's exposure to credit risk and the aggregate of the solvency valuations of its debtors is monitored on a regular basis. Individual credit limits, hedges granted by letters of credit and excesses or, where applicable, credits granted to debtors not covered by letters of credit are analysed and approved by the general management, based on the amounts and risks involved in each decision.

The credit risk of liquid funds and fixed-term deposits maturing in the short term is limited because the counterparties are banks that have been assigned high ratings by international credit rating agencies.

RISK OF CHANGE IN THE GROUP'S PERFORMANCE

The Group incurred losses amounting to 9,968 thousand euros during the first six months of 2022. These losses correspond to the industrial and development segments in percentages of 61% and 31%, respectively.

The losses presented at 30 June 2022 are mainly down to: (i) the fact that there was no sale and takeover of the project development segment during the first half of the year; and (ii) the performance of old projects the selling price of which could not be adjusted to reflect the increase in the costs of transport and raw inputs (see Note 3.4).

The Group's management and directors maintain constant review and evaluation measures for these factors and consider that, together with the measures adopted during the year, these circumstances are temporary insofar as:

i) the assumption of extraordinary costs is exceptional and it is not foreseeable that it will occur in the future; and;

ii) the increase in the cost of transport or steel erodes the margin for projects in progress, but has no effect on the margin of new projects as the Group is working on mitigating factors, such as expanding the supplier portfolio to include more international suppliers, and improving negotiations with customers on logistics terms and conditions, such as incoterms. Additionally, these increases will be passed on to the end customer as part of the pricing process.

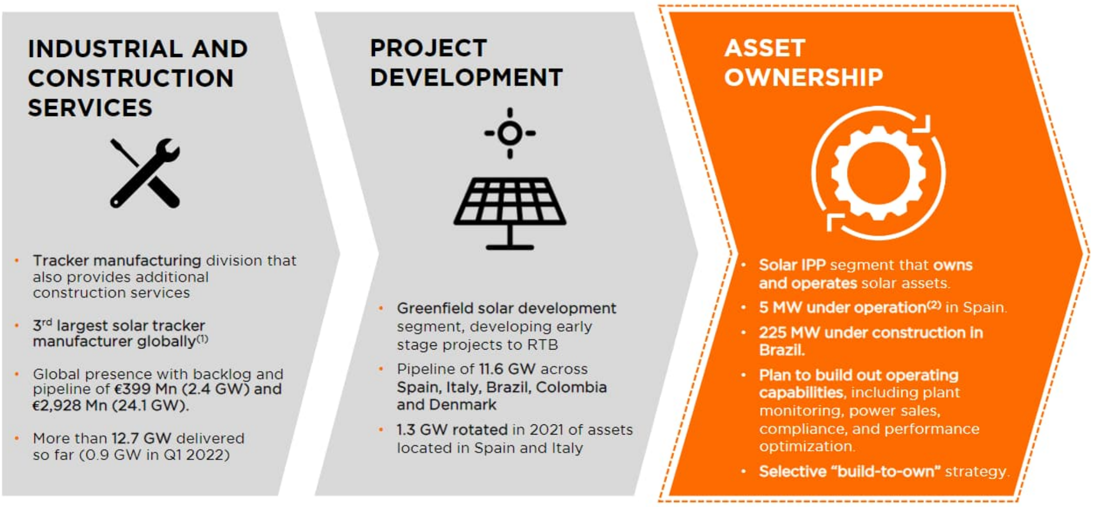
In the opinion of the Board of Directors, the Group remains a going concern, based on the projections contained in the new 2022–2025 business plan, the circumstances described above, extraordinary or otherwise, and the Group's backlog and pipeline.

Lastly, it should be noted that the Group's Board of Directors and management are constantly monitoring the evolution of the situation, to successfully deal with any possible impacts, both financial and non-financial, that may arise.

4. INFORMATION ON THE FORESEEABLE PERFORMANCE OF THE GROUP

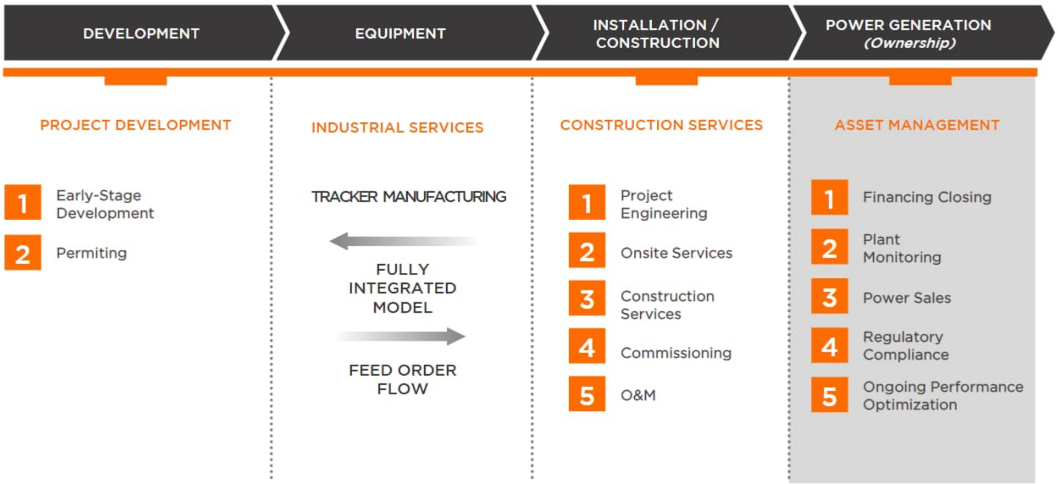
On May 19, the Group unveiled a new Strategic Plan 2022–2025 to the market. The main developments that were announced – and which are expected to have a very positive impact on the future of the Group's business – are as follows:

After enduring a 2021 marked by market disruptions, the Group has decided to take a further step in its strategic vision by targeting further integration of the business divisions in a bid to gradually become an independent power producer (IPP) through a new division known as Soltec Asset Management. This will ultimately strengthen Soltec's business and value proposition. Through this new strategic plan, the Group is seeking to pursue the purpose of helping to build a cleaner, more sustainable and fairer world through energy.



Despite the major challenges it has been facing, the solar industry maintains very significant growth prospects for the next 30 years, mainly due to cost competitiveness and public policies to promote renewable energies, which affords the Group a very favourable outlook looking forward.

After analysing the prevailing context and the prospects for the company's own business, a series of objectives were published for 2025 to achieve revenues in excess of 780–840 million euros through the three lines of activity (industrial, project development and asset management). In addition, it aims to achieve an operating profit in the range of 100–120 million euros during the period by unlocking synergies between the various divisions and the achieving recurring business and added strength through vertical integration.



For years, Soltec Power Holdings has been committed to vertical integration as the key to generating value for all of its stakeholders. There are currently 12.9 GW of projects under development at different stages of maturity, 225 MW under construction, and 5 MW recently connected to the grid in Spain. This illustrates the strong value proposition of the solar tracker and PV industry, coupled with our presence in key markets for the development of this industry and Soltec's ability as a company to continue to secure supply contracts with its major international customers amid a disruptive environment.

Through the asset management division, Soltec Asset Management, the aim is to obtain an additional stream of regular revenue from the sale of energy to boost the income statement and make the Group stronger and more stable, while also mitigating risks along the value chain.

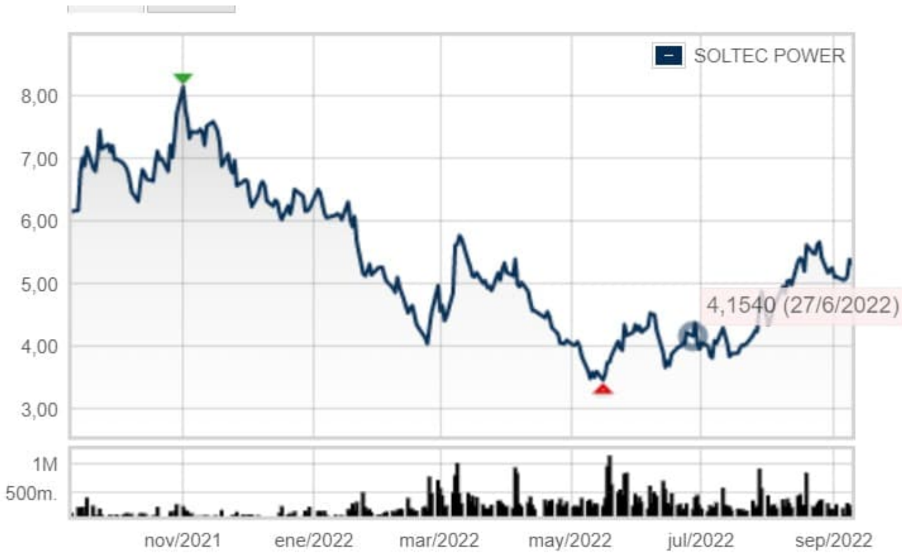
The business model is based on clear competitive advantages to differentiate the Group from its competitors, such as its capacity to create projects, its presence in countries with high solar radiation and growth potential, the quality of its assets, and geographical diversification.

5. STOCK MARKET INFORMATION

At 30 June 2022, the share capital of Soltec Power Holding S.A. amounted to 22,847 thousand euros, represented by 91,387 thousand shares of 0.25 euros par value each, which had been fully subscribed.

All of the Parent's shares are admitted to public trading and are officially listed on the Barcelona, Bilbao, Madrid and Valencia stock exchanges. The share price at 30 June 2022 and the average share price in the last six months were 3.95 and 3,9272 euros per share, respectively. The price at the close of 31 December suffered a decline of 2.34 points compared to 31 December 2021, trading at 6.29 euros.

Figure showing share price performance – last 6 months (source: Madrid Stock Exchange website)



During the first half of 2022, the Parent purchased 99,612 own shares, meaning that at 30 June 2022 the Parent held treasury shares amounting to 4,802 thousand euros.

Movements during the first six months of 2022 were as follows:

	Number of shares	% of capital	Thousands of euros
Balance at 31 December 2021	438,656	0.48%	4,632
Additions	99,612	0.11%	170
Balance at 30 June 2022	538,268	0.59%	4,802

Volumes traded 30/06/2022	No. of shares	Cash
Absolute	41,578,068	190,293,672
Average	327,386	1,498,375

6. SUBSEQUENT EVENTS

From 30 June 2022 through to the date of preparation of these condensed interim consolidated financial statements, there were no subsequent significant events that have not been properly disclosed in the explanatory notes attached to this financial information.

On 28 July 2022, a sale and purchase agreement was entered into between Powertis and the Italian company Acea Solar S.r.l. for a number of special purpose vehicles (SPVs). Under this agreement, Powertis S.A.U. is to transfer, to Aeca Solar S.r.l., 51% of the shares of 17 SPVs with a potential of 340 MW.

On 5 July 2022, a collaboration agreement was signed between Cruz Roja Región de Murcia and Luminora Solar II S.L. (Powertis holding company) for the installation of a 22 kW self-consumption plant at the Red Cross headquarters in Murcia.

PREPARATION OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

These condensed consolidated interim financial statements, together with the consolidated interim management report, were prepared by the directors of Soltec Power Holdings, S.A. at their meeting on 12 September 2022. These condensed interim consolidated financial statements are signed by me, non-director secretary to the Board of Directors, by way of identification, and this last page has been signed by all the directors, as follows:

(Signed in the original version)	*(Signed in the original version)*
Mr Raúl Morales Torres Chairman	Mr Fernando Caballero de la Sen Director
(Signed in the original version)	*(Signed in the original version)*
Mr Nuria Aliño Pérez Director	Ms María Sicilia Salvadores Director
(Signed in the original version)	*(Signed in the original version)*
Mr José Francisco Morales Torres Director	Mr Marina Moreno Dólera Director
(Signed in the original version)	*(Signed in the original version)*
Ms Silvia Díaz de Laspra Non-director Secretary	Mr Marcos Sáez Nicolás Director

Molina de Segura, 12 September 2022