Audit Report on the Annual Financial Statements issued by an Independent Auditor

SOLARIA ENERGÍA AND ENVIRONMENT, S.A.
Financial Statements and Management Report for the fiscal year ended December 31, 2025

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Ernst & Young, S.L.
65 Raimundo Fernández Villaverde
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AUDIT REPORT ON THE ANNUAL FINANCIAL STATEMENTS ISSUED BY AN INDEPENDENT AUDITOR

To the shareholders of SOLARIA ENERGÍA Y MEDIO AMBIENT E, S.A.:

Report on the Annual Financial Statements

Opinion

We have audited the annual financial statements of SOLARIA ENERGÍA Y MEDIO AMBIENT E, S.A. (the Company), which comprise the balance sheet as of December 31, 2025, the income statement, the statement *of* changes in equity, the statement of cash flows, and the notes to the financial statements for the fiscal year ended on that date.

In our opinion, the accompanying financial statements present, in all material respects, a true and fair view of the Company's net assets and financial position as of December 31, 2025, as well as of its results and cash flows for the fiscal year ended on that date, in accordance with the applicable financial reporting framework (identified in Note 2 to the notes to the financial statements) and, in particular, with the accounting principles and criteria contained therein.

Basis for Opinion

We conducted our audit in accordance with the regulations governing the audit of financial statements currently in force in Spain. Our responsibilities under those regulations are described below in the section of our report *titled "Auditor's Responsibilities in Relation to the Audit of the Financial* Statements."

We are independent of the Company in accordance with the ethical requirements, including those regarding independence, applicable to our audit of the financial statements in Spain as required by the regulations governing the audit profession. In this regard, we have not provided any services other than the audit of the financial statements, nor have there been any situations or circumstances that, in accordance with the provisions of the aforementioned regulations, have affected the necessary independence to the extent that it has been compromised.

We believe that the audit evidence we have obtained provides a sufficient and appropriate basis for our opinion.

0cm'cilío Socfaí: c 'e ¢e Ba'murdo Fernández Vïï's•'erd.•, cs. zsGo3 '.!adr'd registered in the Commercial Registry of Madrid, volume 9,34 General. 8,130 ¢º. Section 3 of the Commercial Register of Societies. ml.o e8, page no. 87,690-1. Registration 1'. Tax ID No. B-7ô9?0's06.

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Key audit matters

The key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the current period. These matters have been addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not express a separate opinion on these matters.

Valuation of investments in group companies and associates

Description

The Company has recorded equity instruments totaling 822,780 thousand euros under the heading "Long-term investments in group companies and associates" on the balance sheet as of December 31, 2025.

The Company's management assesses, at least at the end of each fiscal year, whether there are any indications of impairment and makes the necessary valuation adjustments whenever there is objective evidence that the carrying amount of an investment is not recoverable, with the amount of the valuation adjustment being the difference between its carrying amount and the recoverable amount.

We have considered this area a key audit matter because determining the recoverable amount of the aforementioned investments requires the use of estimates, which involves applying judgment to establish the assumptions considered by the Company's management regarding such estimates, as well as the materiality of the amounts involved.

Information regarding the valuation standards applied and the corresponding breakdowns is included in Notes 4.5 and 7 of the accompanying financial statements.

Our response

In relation to this area, our audit procedures included, among others, the following:

Understanding the process established by the Company's management to identify indications of impairment and determine the recoverable amount of investments in group companies and associates.

Evaluation of the analysis of impairment indicators for investments in group companies and associates performed by the Company's management.

Review of the estimated recoverable amount determined by the Company's management, which uses the investee's equity—adjusted, where applicable, for any unrealized gains existing as of the valuation date—as evidence of that amount.

Review of the disclosures included in the notes to the financial statements and assessment of their compliance with the applicable financial reporting framework.

Other Information: Management Report

The other information consists exclusively of the management report for the 2025 fiscal year, the preparation of which is the responsibility of the Company's directors and does not form an integral part of the annual financial statements.

Our audit opinion on the annual financial statements does not cover the management report. Our responsibility regarding the management report, in accordance with the requirements of the regulations governing the audit of financial statements, consists of:

a. To verify only that the non-financial information statement, certain information included in the Annual Corporate Governance Report, and the Annual Report on Directors' Compensation—as referred to in the Audit Act—have been provided in the manner prescribed by applicable regulations and, if not, to report on this matter.

b. To evaluate and report on the consistency of the remaining information included in the management report with the annual financial statements, based on the knowledge of the entity obtained during the audit of said financial statements, as well as to evaluate and report on whether the content and presentation of this part of the management report comply with applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report this.

Based on the work performed, as described above, we have verified that the information referred to in section (a) above is provided in the manner prescribed by applicable regulations and that the remaining information contained in the management report is consistent with that of the annual financial statements for the 2025 fiscal year, and that its content and presentation comply with applicable regulations.

Responsibility of the directors and the audit committee **regarding the** annual financial statements

The directors are responsible for preparing the accompanying annual financial statements so that they present a true and fair view of the Company's net assets, financial position, and results of operations, in accordance with the financial reporting framework applicable to the entity in Spain, and for the internal control they deem necessary to enable the preparation of annual financial statements free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as appropriate, matters related to going concern and applying the going concern accounting principle unless the directors intend to liquidate the Company or cease its operations, or there is no realistic alternative.

The audit committee is responsible for overseeing the process of preparing and presenting the annual financial statements.

The auditor's responsibilities regarding the audit of the annual financial statements

Our objectives are to obtain reasonable assurance that the annual financial statements as a whole are free from material misstatement, whether due *to* fraud or error, and to issue an audit report containing our opinion.

Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with the regulations governing the audit of financial statements in force in Spain will always detect a material misstatement when it exists. Misstatements may be due to fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions that users make based on the annual financial statements.

As part of an audit conducted in accordance with the regulations governing the audit profession in Spain, we apply our professional judgment and maintain an attitude of professional skepticism throughout the audit. We also:

- We identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error; we design and perform audit procedures to address those risks; and we obtain sufficient and appropriate audit evidence to provide a basis for our opinion. The risk of failing to detect a material misstatement due to fraud is higher than in the case of a material misstatement due to error, as fraud may involve collusion, forgery, deliberate omissions, intentionally misleading representations, or the circumvention of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, and not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

- We evaluate whether the accounting policies applied are appropriate and the reasonableness of the accounting estimates and the related information disclosed by management.

- We conclude on whether management's use of the going concern accounting principle is appropriate and, based on the audit evidence obtained, we conclude on whether or not there is material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to issue a modified opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause *the* Company to cease to be a going concern.

- We evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the entity's audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, as well as any significant internal control deficiencies we identify during the course of the audit.

We also provide the entity's audit committee with a statement that we have complied with ethical requirements regarding independence and have communicated with the committee to report matters that could reasonably be considered a threat to our independence and, where applicable, the safeguards adopted to eliminate or mitigate the threat.

Among the matters communicated to the entity's audit committee, we determine those that were of the greatest significance in the audit of the financial statements for the current period and that are, consequently, the key audit matters.

We describe these matters in our audit report unless legal or regulatory provisions prohibit public disclosure of the matter.

Report on Other Legal and Regulatory Requirements

Single European Electronic Format

We have reviewed the digital file of the Single European Electronic Format (SEEF) of SOLARIA ENERGÍA Y MEDIO AMBIENTE, S.A. for the 2025 fiscal year, which comprises an XHTML file containing the annual financial statements for the fiscal year, which will form part of the annual financial report.

The directors of SOLARIA ENERGÍA Y MEDIO AMBIENTE, S.A. are responsible for presenting the annual financial report for the 2025 fiscal year in accordance with the formatting requirements established in Delegated Regulation (EU) 2019/815 of the European Commission of December 17, 2018 (hereinafter, the SEEF Regulation).

Our responsibility is to review the digital file prepared by the Company's management, in accordance with the regulations governing the audit of financial statements in force in Spain. These regulations require us to plan and perform our audit procedures to verify whether the content of the annual financial statements included in said file fully corresponds to that of the annual financial statements we have audited, and whether their format has been prepared, in all material respects, in accordance with the requirements established in the EU Delegated Regulation.

In our opinion, the digital file examined corresponds in full to the audited annual financial statements, and these are presented, in all material respects, in accordance with the requirements established in the FEUE Regulation.

Supplementary Report to the Audit Committee

The opinion expressed in this report is consistent with that stated in our additional report to the Company's audit committee dated February 26, 2026.

Term of Engagement

The Ordinary General Meeting of Shareholders held on June 2, 2025, appointed us as auditors for a period of three years, effective as of the fiscal year ended December 31, 2024.

Previously, we were appointed by resolutions of the General Meeting of Shareholders for a one-year term and have been performing the audit of the financial statements without interruption since the fiscal year ended December 31, 2015.

AUDITOR S
INSTITUTO DE CENSORES JURADOS
or Cuen As os EsnAÑ^

ERNST & YOUNG, S.L.

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Ambrosio Arroyo Fernández-Rañada
(Registered in the Official Register of Auditors under No. 20648)

February 26, 2026

SOLARIA ENERGY AND ENVIRONMENT, S.A.

Annual Financial Statements and Management Report

Solaria

December 31, 2025

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PREPARATION OF THE ANNUAL FINANCIAL STATEMENTS AND MANAGEMENT REPORT

Solaria

December 31, 2025

SOLARIA ENERGY AND ENVIRONMENT, INC.
Balance Sheet as of December 31, 2025 (In thousands of euros)

ASSETS	Notes	2025	2024
NON-CURRENT ASSETS		**839,419**	**675,259**
Intangible assets	**5**	**266**	**286**
Computer software		266	286
Property, plant, and equipment	**6**	**475**	**21,384**
Land and buildings		-	20,955
Technical installations and other tangible fixed assets		475	429
Long-term investments in group companies and associates		**822,780**	**645,261**
Equity instruments	7	822,780	645,261
Long-term financial investments	**8**	**482**	**223**
Long-term bonds and deposits		482	223
Deferred tax assets	**13**	**15,416**	**8,105**
CURRENT ASSETS		**257,876**	**69,102**
Non-current assets held for sale	**14**	**28,944**	**28,944**
Inventories	**9**	**21,199**	**14,288**
Finished goods		21,199	14,288
Trade receivables and other accounts receivable		**195,921**	**4,586**
Short-term accounts receivable from sales and services	8	40,633	1,058
Trade receivables, group companies, and associates	8	147,162	3,199
Current tax assets	13	230	19
Other receivables from government	13	7,896	310
Short-term receivables from group companies and associates	**8**	**-**	**8,881**
Cash and other cash equivalents	**10**	**11,812**	**12,403**
TOTAL ASSETS		**1,097,295**	**744,361**

SOLARIA ENERGY AND ENVIRONMENT, INC.
Balance Sheet as of December 31, 2025 (In thousands of euros)

NET EQUITY AND LIABILITIES	Notes	2025	2024
NET EQUITY		**743,997**	**608,878**
EQUITY		**743,997**	**608,878**
Capital	**11.1**	**1,250**	**1,250**
Registered capital		1,250	1,250
Share premium	**11.2**	**309,676**	**309,676**
Reserves	**11.3**	**302,950**	**126,577**
Legal		5,311	5,311
Other reserves		297,639	121,266
Treasury stock and equity interests	**11.4**	**(50,004)**	**-**
Net income for the year	**3**	**180,125**	**171,375**
NON-CURRENT LIABILITIES		**144,350**	**4,960**
Long-term debt	**12**	**57,018**	**-**
Bonds and other marketable securities		10,000	-
Debts to credit institutions		47,018	-
Long-term payables to group companies and associates	**12**	**77,379**	**4,960**
Deferred tax liabilities	**13**	**9,953**	**-**
CURRENT LIABILITIES		**208,948**	**130,523**
Short-term liabilities	**12**	**160,400**	**72,000**
Bonds and other marketable securities		141,400	72,000
Debts to credit institutions		19,000	-
Payables to group companies and associates	**12**	**42,135**	**44,571**
Trade payables and other accounts payable		**6,413**	**13,952**
Suppliers	12	167	348
Suppliers, group companies, and associates	12	2,937	1,283
Personnel (unpaid wages)	12	2,997	3,032
Current tax liability	13	-	9,168
Other payables to government agencies	13	312	121
TOTAL NET EQUITY AND LIABILITIES		**1,097,295**	**744,361**

SOLARIA ENERGÍA Y MEDIO AMBIENTE, S.A.
Income Statement for the year ended December 31, 2025 (Expressed in thousands of euros)

	Notes	12/31/2025	12/31/2024
CONTINUING OPERATIONS			
Net revenue	**15.1**	**227,788**	**199,849**
Sales		119,591	177,515
Services rendered		108,197	22,334
Change in finished goods inventory		**6,907**	**(1,921)**
Purchases	**15.2**	**(12,569)**	**(6,889)**
Work performed by other companies		(12,569)	(6,889)
Other operating income		**629**	**37**
Incidental and other income from ordinary operations		629	37
Personnel expenses	**15.4**	**(12,328)**	**(12,686)**
Wages, salaries, and similar expenses		(10,430)	(10,722)
Social security contributions		(1,898)	(1,964)
Other operating expenses		**(1,875)**	**(1,954)**
External services	15.5	(1,591)	(1,844)
Taxes		(284)	(110)
Depreciation of fixed assets	**5 and 6**	**(61)**	**(604)**
Other income	**6, 14, 15.3**	**-**	**28,944**
OPERATING INCOME		**208,491**	**204,776**
Financial income	**15.6**	**50**	**105**
From marketable securities and other financial instruments		**50**	**105**
From third parties		50	105
Financial expenses	**15.7**	**(7,870)**	**(4,532)**
For debts to group companies and associates		(115)	(215)
For payables to third parties		(7,755)	(4,317)
FINANCIAL RESULT		**(7,820)**	**(4,427)**
PROFIT BEFORE TAXES		**200,671**	**200,349**
Income tax	**13.1**	(20,546)	(28,974)
NET INCOME FOR THE YEAR FROM CONTINUING OPERATIONS		**180,125**	**171,375**

SOLARIA ENERGÍA Y MEDIO AMBIENTE, S.A.
Statement of Recognized Income and Expenses and Statement of Changes in Net Equity
for the fiscal year ended December 31, 2025
(Expressed in thousands of euros)

A) Statement of Recognized Income and Expenses for the fiscal year ended December 31, 2025

(Thousands of euros)	Notes	12/31/2025	12/31/2024
Net Income	**3**	**180,125**	**171,375**
Income and expenses recognized directly in equity		**-**	**-**
Total income and expenses recognized directly in equity		**-**	**-**
Transfers to the income statement		**-**	**-**
TOTAL RECOGNIZED REVENUE AND EXPENSES		**180,125**	**171,375**

B) Statement of Changes in Equity for the Year Ended December 31, 2025

(Thousands of euros)	Book capital (Note 11.1)	Share premium (Note 11.2)	Reserves (Note 11.3)	Treasury shares and equity interests (Note 11.4)	Net income for the year (Note 3)	Total
Balances as of December 31, 2023	**1,250**	**309,676**	**97,651**	**-**	**28,924**	**437,501**
Recognized revenue and expenses	-	-		-	171,375	171,375
Appropriation of net income Previous	-	-	28,924	-	(28,924)	-
Balances as of December 31, 2024	**1,250**	**309,676**	**126,577**	**-**	**171,375**	**608,878**
Recognized revenue and expenses	-	-	-	-	180,125	**180,125**
Appropriation of net income previous	-	-	171,375	-	(171,375)	-
Other changes	-	-	4,998	(50,004)	-	**(45,006)**
Balances as of December 31, 2025	**1,250**	**309,676**	**302,950**	**(50,004)**	**180,125**	**743,997**

SOLARIA ENERGY AND ENVIRONMENT, INC.
Statement of Cash Flows
for the fiscal year ended December 31, 2025
(In thousands of euros)

	Notes	12/31/2025	12/31/2024
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before taxes		**200,671**	**200,349**
Adjustments to net income		**7,881**	**(24,500)**
Depreciation of fixed assets	5 and 6	61	604
Financial income	15.6	(50)	(105)
Financial expenses	15.7	7,870	3,945
Other income	15.3	-	(28,944)
Changes in working capital		**(205,785)**	**76,808**
Inventories		(6,911)	1,919
Accounts receivable and other receivables		(191,335)	42,084
Creditors and other accounts payable		(7,539)	32,805
Other cash flows from operating activities		**(20,837)**	**(2,571)**
Other receipts/payments		-	-
Interest payments		(7,755)	(3,730)
Income tax receipts (payments)		(13,082)	1,159
Cash flows from operating activities		**(18,070)**	**250,086**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for investments		**(177,606)**	**(218,070)**
Group companies	7,1	(177,519)	(217,599)
Property, plant, and equipment	6	(87)	(468)
Intangible assets	5	-	(3)
Cash flows from investing activities		**(177,606)**	**(218,070)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds and payments for equity instruments		**(45,006)**	**-**
Acquisition of treasury shares	11,4	(106,664)	-
Disposal of equity instruments		61,658	-
Receipts and payments for financial instruments		**240,091**	**(30,782)**
Issuance/Redemption			
Financing with group companies and associates	12	94,673	(32,100)
Bonds and other marketable securities	12	79,400	(3,642)
Bank debt	12	66,018	4,960
Cash flows from financing activities		**195,085**	**(30,782)**
NET INCREASE / DECREASE IN CASH OR CASH EQUIVALENTS		**(591)**	**1,234**
Cash and cash equivalents at the beginning of the year		**12,403**	**11,167**
Cash and cash equivalents at the end of the fiscal year	**10**	**11,812**	**12,403**

1. Business Activities

Solaria Energía y Medio Ambiente, S.A. (hereinafter Solaria or the Company) was incorporated on November 27, 2002, as a public limited company in Spain, for an indefinite period. On April 28, 2008, it moved its registered office to Calle Velázquez, 47, Madrid, and on July 1, 2009, to Calle Princesa, 2, Madrid.

Its corporate purpose consists primarily of:

1. Installation and repair of solar, thermal, and photovoltaic energy systems, wind energy systems, and any other type of renewable energy system.

2. Installation and repair of plumbing, gas, electrical, cooling, heating, and air conditioning systems.

3. Design and execution of technical projects related to the above areas.

4. Providing maintenance and upkeep services for work carried out either by the Company itself or by third parties.

5. Manufacturing of modules, cells, and components for solar, thermal, and photovoltaic energy, wind energy, and other renewable energy sources.

Solaria's main activities during the 2025 and 2024 fiscal years have been the provision of photovoltaic plant development services, as well as the operation and maintenance of its own photovoltaic plants.

The Company's shares are admitted to trading on the four official Spanish stock exchanges and have been listed on the continuous market since June 19, 2007. Since October 19, 2020, the Company's shares have been part of the IBEX 35.

Solaria is the parent company of a Group comprising 115 entities as of December 31, 2025 (105 as of December 31, 2024), the majority of which are wholly owned by the Company, either directly or indirectly. All companies in the Solaria Group have as their corporate purpose and main activity the operation of solar photovoltaic plants both in Spain and in the other countries where they are located. As a result, the Company is the parent of a Group of Companies in accordance with current legislation.

On the same date as these annual financial statements, the Company's Directors have prepared the consolidated financial statements of Solaria Energía y Medio Ambiente, S.A. and its Subsidiaries for the fiscal year ended December 31, 2025.

The individual and consolidated financial statements of Solaria Energía y Medio Ambiente, S.A. as of December 31, 2024, were approved by the General Shareholders' Meeting on June 26, 2025, and are filed with the Madrid Commercial Registry.

The Company's functional currency is the euro.

2. Basis of Presentation of the Financial Statements

The financial statements have been prepared in accordance with the financial reporting framework applicable to the Company, which is that established in the General Accounting Plan approved by Royal Decree 1514/2007, of November 16, which since its publication has been subject to several amendments, the most recent of which was enacted by Law 7/2024, of December 20, and its implementing regulations, as well as with all other applicable commercial legislation.

The annual financial statements have been prepared by the Company's Directors for submission to the General Shareholders' Meeting for approval, and it is expected that they will be approved without any amendments.

The figures included in the annual financial statements are expressed in thousands of euros, unless otherwise indicated.

2.1 True and Fair View

The annual financial statements have been prepared based on the Company's subsidiary accounting records, in accordance with current accounting regulations, with the aim of presenting a true and fair view of the Company's net assets, financial position, and results of operations. The statement of cash flows has been prepared to provide a true and fair view of the sources and uses of the Company's monetary assets representing cash and other cash equivalents.

2.2 Comparison of Information

In accordance with commercial law, for comparative purposes, the figures for the previous fiscal year are presented alongside each item in the balance sheet, income statement, statement of changes in equity, and statement of cash flows, in addition to the figures for fiscal year 2025. The notes to the financial statements also include quantitative information from the previous fiscal year, except when an accounting standard specifically states that it is not necessary.

2.3 Critical aspects of valuation and estimation of uncertainty

In preparing the Company's financial statements, management has made estimates to determine the carrying amounts of certain assets, liabilities, revenues, and expenses, as well as the breakdowns of contingent liabilities. These estimates were made based on the best information available at the end of the fiscal year. However, given the inherent uncertainty in these estimates, future events may arise that require them to be adjusted in subsequent years, which would be done, if necessary, on a prospective basis.

3. Appropriation of Net Income

The proposed distribution of net income for fiscal year 2025, formulated by the Board of Directors and expected to be approved by the Annual General Meeting of Shareholders, is as follows:

(Thousands of euros)	2025
Distribution base Balance of the income statement (Profit)	180,125
Allocation of net income To voluntary reserves	180,125

3.1 Restrictions on the distribution of dividends

The Company is required to allocate 10% of the profits for the fiscal year to the legal reserve until it reaches at least 20% of the share capital. This reserve, as long as it does not exceed the limit of 20% of the share capital, is not distributable to shareholders.

Once the provisions required by law or the bylaws have been met, dividends may only be distributed out of the current year's profit or from freely available reserves if the value of shareholders' equity is not, or does not become, less than the share capital as a result of the distribution. For these purposes, profits allocated directly to shareholders' equity may not be distributed, either directly or indirectly. If there are losses from prior fiscal years that cause the Company's net equity to be less than the amount of the share capital, the profit shall be allocated to offset such losses.

4. Accounting and Valuation Policies

The principal accounting and valuation policies used by the Company in preparing these financial statements are as follows:

4.1 Intangible Assets

Intangible assets are initially recognized at cost, whether this is the purchase price or the production cost.

After initial recognition, intangible assets are measured at cost, less accumulated amortization and, where applicable, the accumulated amount of any impairment losses recognized.

Intangible assets are amortized systematically on a straight-line basis over the estimated useful life of the assets and their residual value. The amortization methods and periods applied are reviewed at each year-end and, if necessary, adjusted prospectively. At least at year-end, the existence of indications of impairment is assessed; if any are found, the recoverable amounts are estimated, and the appropriate valuation adjustments are made.

Software

This item includes costs incurred in connection with software applications developed by the Company itself that meet the conditions indicated above for the capitalization of development costs, as well as the costs of those acquired from third parties. They are amortized on a straight-line basis over their estimated useful life of 5 years.

The costs of the Company's own personnel who have worked on the development of the software applications are included, where applicable, as an increase in the cost of such applications, with a credit to the line item "Work performed by the Company for its own assets" in the income statement.

Repairs that do not extend the useful life of the asset and maintenance costs are charged to the income statement in the fiscal year in which they occur.

4.2 Property, Plant, and Equipment

Property, plant, and equipment primarily consist of land, buildings, technical installations, and machinery.

Property, plant, and equipment are initially measured at cost, whether this is the purchase price or the production cost. After initial recognition, property, plant, and equipment are measured at cost, less accumulated depreciation and, where applicable, the accumulated amount of any impairment losses recognized.

For assets acquired or produced after January 1, 2008, that require more than one year to be ready for use, the cost includes financing expenses incurred prior to the asset becoming operational that meet the requirements for capitalization.

Likewise, the initial estimate of the present value of obligations arising from decommissioning or removal and other obligations associated with the asset, such as rehabilitation costs, forms part of the value of property, plant, and equipment as a component thereof, when these obligations result in the recognition of provisions.

Repairs that do not extend the useful life of the asset and maintenance costs are charged to the income statement in the period in which they are incurred. Renovation, expansion, or improvement costs that result in an increase in production capacity or an extension of the useful life of the assets are capitalized as an increase in the asset's value, with the carrying amount of the replaced items written off, if applicable.

Costs related to major repairs of items of property, plant, and equipment, regardless of whether the affected items are replaced or not, are recognized as a component of the asset's cost on the date the asset is added to the company's balance sheet and are amortized over the period until the next major repair.

Depreciation of property, plant, and equipment is calculated on a straight-line basis over their estimated useful lives, beginning from the date they are available for use.

The estimated useful lives for the various items of property, plant, and equipment are as follows:

	Useful Life (Years)
Buildings	33 years
Technical installations (other)	33–4 years
Machinery	8 years
Other fixed assets	8 years

The land on which the buildings and other structures are situated has an indefinite useful life and, therefore, is not subject to depreciation.

At each year-end, the Company reviews the residual values, useful lives, and depreciation methods of property, plant, and equipment and, if necessary, adjusts them prospectively.

4.3 Impairment of non-financial assets

At least at the end of the fiscal year, the Company assesses whether there are any indications that a non-current asset or, where applicable, a cash-generating unit may be impaired, and if such indications exist, its recoverable amounts are estimated.

The recoverable amount is the higher of fair value less costs to sell and value in use. When the carrying amount exceeds the recoverable amount, an impairment loss is recognized. Value in use is the present value of expected future cash flows, calculated using risk-free market interest rates adjusted for the specific risks associated with the asset. For assets that do not generate cash flows that are largely independent of those derived from other assets or groups of assets, the recoverable amount is determined, where applicable, for the cash-generating units to which such assets belong, with cash-generating units defined as the smallest group of items that generates cash flows that are largely independent of those derived from other assets or groups of assets.

Impairment losses and their reversals are recognized, where applicable, in the income statement. Impairment losses are reversed when the circumstances that gave rise to them no longer exist, except for those related to goodwill. The reversal of an impairment loss is limited to the carrying amount of the asset that would have been recognized had the corresponding impairment loss not been previously recognized.

4.4 Leases

Contracts are classified as finance leases when their economic terms indicate that substantially all the risks and rewards incidental to ownership of the asset covered by the contract are transferred to the lessee. Otherwise, contracts are classified as operating leases.

Company as Lessee

Assets acquired through finance leases are recorded in accordance with their nature, at the lower of the asset's fair value and the present value at the inception of the lease of the minimum lease payments, including the purchase option, with a financial liability recognized for the same amount. Contingent payments, the cost of services, and taxes passed on by the lessor are not included in the calculation of the minimum agreed payments. Payments made under the lease are allocated between finance expense and the reduction of the liability. The total financial cost of the contract is charged to the income statement for the period in which it is incurred, using the effective interest rate method. The same criteria for depreciation, impairment, and disposal are applied to these assets as to other assets of a similar nature.

Payments for operating leases are recognized as expenses in the income statement as they are incurred.

Company as Lessor

Revenue from operating leases is recognized in the income statement as it is earned. Direct costs attributable to the contract are capitalized as an increase in the value of the leased asset and recognized as an expense over the term of the contract, using the same criteria applied to the recognition of lease revenue.

4.5 Financial assets

Classification and Measurement

Upon initial recognition, the Company classifies all financial assets into one of the categories listed below, which determines the applicable initial and subsequent measurement method:

- Financial assets at amortized cost
- Financial assets at cost

Financial assets at amortized cost

The Company classifies a financial asset in this category, even if it is listed on an organized market, if the following conditions are met:

- The Company holds the investment under a management model whose objective is to collect the cash flows arising from the contract.

  Managing a portfolio of financial assets to collect their contractual cash flows does not imply that all instruments must necessarily be held to maturity; financial assets may be considered to be managed with that objective even if sales have occurred or are expected to occur in the future. To this end, the Company considers the frequency, amount, and timing of sales in prior periods, the reasons for those sales, and expectations regarding future sales activity.

- The contractual characteristics of the financial asset give rise, on specified dates, to cash flows that consist solely of principal and interest payments on the outstanding principal amount. That is, the cash flows are inherent to an agreement that has the nature of an ordinary or standard loan, notwithstanding that the transaction may be agreed upon at a zero or below-market interest rate.

  This condition is assumed to be met in the case of a bond or a simple loan with a fixed maturity date for which the Company receives a variable market interest rate, which may be subject to a cap. Conversely, it is assumed that this condition is not met in the case of instruments convertible into the issuer's equity instruments, loans with inverse floating interest rates (i.e., a rate that has an inverse relationship with market interest rates), or those in which the issuer may defer interest payments if such payment would affect its solvency, without the deferred interest accruing additional interest.

Generally, this category includes receivables from commercial transactions ("trade receivables") and receivables from non-commercial transactions ("other receivables").

Financial assets classified in this category are initially measured at fair value, which, unless there is evidence to the contrary, is assumed to be the transaction price, equivalent to the fair value of the consideration given, plus transaction costs directly attributable to them. That is, the inherent transaction costs are capitalized.

However, trade receivables with a maturity of one year or less and that do not have an explicit contractual interest rate, as well as receivables from employees, dividends receivable, and callable equity instruments, the proceeds from which are expected to be received in the short term, are measured at their nominal value when the effect of not discounting cash flows is not material.

The amortized cost method is used for subsequent measurement. Accrued interest is recognized in the income statement (financial income) using the effective interest rate method.

Loans with a maturity of one year or less that, as described above, are initially measured at their face value, continue to be measured at that amount unless they have become impaired.

In general, when the contractual cash flows of a financial asset carried at amortized cost change due to the issuer's financial difficulties, the Company assesses whether an impairment loss should be recognized.

Financial assets at cost

The Company includes in this category, in all cases:

a) Investments in the equity of group companies, joint ventures, and associates (in the individual financial statements).

b) Other investments in equity instruments whose fair value cannot be determined by reference to a quoted price in an active market for an identical instrument, or cannot be reliably estimated, and derivatives that have these investments as their underlying.

c) Hybrid financial assets whose fair value cannot be reliably estimated, unless the requirements for recognition at amortized cost are met.

d) Contributions made as a result of a joint arrangement and similar arrangements.

e) Participatory loans whose interest is contingent, either because a fixed or variable interest rate is agreed upon subject to the achievement of a milestone by the borrowing company (for example, the generation of profits), or because it is calculated exclusively by reference to the performance of the aforementioned company.

f) Any other financial asset that would initially be classified in the fair value through profit or loss portfolio when it is not possible to obtain a reliable estimate of its fair value.

Investments included in this category are initially measured at cost, which is equivalent to the fair value of the consideration given plus any transaction costs directly attributable to them. That is, the inherent transaction costs are capitalized.

In the case of investments in group companies, if there was a prior investment before the company was classified as a group company, joint venture, or associate, the carrying amount that the investment should have had immediately before the company was classified as such is considered the cost of that investment.

Subsequent measurement is also at cost, less, where applicable, the cumulative amount of impairment losses.

Contributions made as a result of a joint venture agreement and similar arrangements are measured at cost, increased or decreased by the profit or loss, respectively, attributable to the company as a non-managing participant, and less, where applicable, the cumulative amount of impairment losses.

This same criterion applies to participating loans whose interest is contingent, either because a fixed or variable interest rate is agreed upon subject to the borrower's achievement of a milestone (for example, the generation of profits), or because it is calculated exclusively by reference to the performance of the borrower's business. If, in addition to contingent interest, an irrevocable fixed interest rate is agreed upon, the latter is recognized as financial income as it accrues. Transaction costs are charged to the income statement on a straight-line basis over the life of the participating loan.

Derecognition of Financial Assets

The Company derecognizes a financial asset when:

- The contractual rights to the cash flows from the asset expire. In this regard, a financial asset is derecognized when it has matured and the Company has received the corresponding amount.

- The contractual rights to the cash flows of the financial asset have been transferred. In this case, the financial asset is derecognized when the risks and rewards inherent in its ownership have been substantially transferred. In particular, in sale and repurchase agreements, factoring, and securitizations, the financial asset is derecognized once the Company's exposure, before and after the transfer, to changes in the amounts and timing of the net cash flows of the transferred asset has been compared, and it is determined that the risks and rewards have been transferred.

Following the analysis of risks and rewards, the Company derecognizes financial assets in accordance with the following conditions:

a) The risks and rewards inherent in ownership of the asset have been substantially transferred. The transferred asset is derecognized from the balance sheet, and the Company recognizes the gain or loss on the transaction: the difference between the consideration received, net of attributable transaction costs (considering any new asset acquired less any liability assumed), and the carrying amount of the financial asset, plus any cumulative amount that has been recognized directly in equity.

b) The risks and rewards of ownership of the asset have been substantially retained by the Company. The financial asset is not derecognized, and a financial liability is recognized for the same amount as the consideration received.

c) The risks and rewards inherent in ownership of the asset have not been substantially transferred or retained. In this case, there are, in turn, two possible scenarios:

- Control is transferred (the transferee has the practical ability to retransfer the asset to a third party): the asset is derecognized from the balance sheet.

- Control is not transferred (the transferee does not have the practical ability to retransfer the asset to a third party): the Company continues to recognize the asset at the amount to which it is exposed to changes in the value of the transferred asset, that is, due to its continuing involvement, and must recognize an associated liability.

Impairment of financial assets

Debt instruments at amortized cost or fair value through equity

At least at the end of the fiscal year, the Company assesses whether there is objective evidence that the value of a financial asset, or a group of financial assets with similar risk characteristics valued collectively, has been impaired as a result of one or more events that occurred after its initial recognition and that cause a reduction or delay in estimated future cash flows, which may be caused by the debtor's insolvency.

If such evidence exists, the impairment loss is calculated as the difference between the carrying amount and the present value of the future cash flows—including, where applicable, those arising from the enforcement of collateral and guarantees—that are expected to be generated, discounted at the effective interest rate calculated at the time of initial recognition. For financial assets at variable interest rates, the effective interest rate corresponding to the closing date of the annual financial statements is used in accordance with the contractual terms. In calculating impairment losses on a group of financial assets, the Company uses models based on formulas or statistical methods.

Impairment losses, as well as their reversal when the amount of such a loss decreases due to reasons related to a subsequent event, are recognized as an expense or income, respectively, in the income statement. The reversal of an impairment loss is limited to the carrying amount of the asset that would have been recognized on the date of reversal had the impairment loss not been recorded.

As a substitute for the present value of future cash flows, the Company uses the market value of the instrument, provided that it is sufficiently reliable to be considered representative of the value that the Company could recover.

In the case of assets at fair value through equity, accumulated losses recognized in equity due to a decrease in fair value, provided there is objective evidence of impairment in the asset's value, are recognized in the income statement.

Equity instruments at fair value through equity

For this type of investment, the Company assumes that the instrument has been impaired following a one-and-a-half-year decline or a forty percent drop in its market price, without any recovery in value having occurred, without prejudice to the possibility that it may be necessary to recognize an impairment loss before the expiration of that period or a decline in the market price by the aforementioned percentage.

Impairment losses are recognized as an expense in the income statement.

In the event that fair value increases, the impairment loss recognized in prior periods is not reversed through the income statement, and the increase in fair value is recognized directly in equity.

Financial assets at cost

In this case, the amount of the impairment loss is the difference between its carrying amount and the recoverable amount, defined as the higher of its fair value less costs to sell and the present value of future cash flows arising from the investment, which, in the case of equity instruments, is calculated either by estimating the cash flows expected to be received as a result of dividends distributed by the investee and the disposal or derecognition of the investment in the investee, or by estimating the investor's share of the cash flows expected to be generated by the investee, arising from both its ordinary activities and its disposal or derecognition. Unless there is better evidence of the recoverable amount of investments in equity instruments, the estimate of the impairment loss for this class of assets is calculated based on the investee's equity and any unrealized gains existing as of the valuation date, net of the tax effect.

The recognition of impairment losses and, where applicable, their reversal, are recorded as an expense or income, respectively, in the income statement. The reversal of an impairment loss is limited to the carrying amount of the investment that would have been recognized on the date of reversal had the impairment loss not been recorded.

Interest and dividends received on financial assets

Interest and dividends on financial assets accrued after the acquisition date are recognized as revenue in the income statement. Interest is recognized using the effective interest method, and dividends are recognized when the right to receive them is established.

If the dividends distributed unequivocally stem from earnings generated prior to the acquisition date because amounts in excess of the profits generated by the investee since the acquisition have been distributed, they shall not be recognized as revenue and shall reduce the carrying amount of the investment. The determination of whether the investee has generated profits shall be made based exclusively on the profits recorded in the investee's individual income statement since the acquisition date, unless the distribution against such profits is unquestionably classified as a recovery of the investment from the perspective of the entity receiving the dividend.

4.6 Financial liabilities

Classification and Measurement

Upon initial recognition, the Company classifies all financial liabilities into the following category:

Financial liabilities at amortized cost

The Company classifies all financial liabilities in this category except when they must be measured at fair value through profit or loss.

Generally, this category includes trade payables ("suppliers") and non-trade payables ("other creditors").

Participating loans that have the characteristics of an ordinary or common loan are also included in this category, even if the transaction is agreed upon at a zero or below-market interest rate.

Financial liabilities included in this category are initially measured at fair value, which, unless there is evidence to the contrary, is considered to be the transaction price, equivalent to the fair value of the consideration received adjusted for transaction costs directly attributable to them. That is, the inherent transaction costs are capitalized.

However, trade payables with a maturity of one year or less that do not have a contractual interest rate, as well as payments required by third parties on equity interests, the amount of which is expected to be paid in the short term, are measured at their nominal value when the effect of not discounting cash flows is not material.

The amortized cost method is used for subsequent measurement. Accrued interest is recognized in the income statement (financial expense) using the effective interest rate method.

However, liabilities maturing within one year that, in accordance with the foregoing, are initially measured at their face value, will continue to be measured at that amount.

Contributions received under a joint venture agreement or similar arrangements are measured at cost, increased or decreased by the profit or loss, respectively, attributable to non-managing participants.

This same criterion applies to participating loans whose interest is contingent, either because a fixed or variable interest rate is agreed upon subject to the achievement of a milestone by the borrowing company (for example, the generation of profits), or because it is calculated exclusively by reference to the performance of the aforementioned company. Financial expenses are recognized in the income statement on an accrual basis, and transaction costs are charged to the income statement using a financial criterion or, if that is not applicable, on a straight-line basis over the life of the participating loan.

Derecognition of Financial Liabilities

The Company derecognizes a previously recognized financial liability when any of the following circumstances occurs:

- The obligation has been extinguished because payment has been made to the creditor to settle the debt (through cash payments or other goods or services), or because the debtor is legally released from any liability for the liability.

- The Company acquires its own financial liabilities, even if with the intention of reselling them in the future.

- An exchange of debt instruments occurs between a lender and a borrower, provided that the terms are substantially different, and the new financial liability arising from the exchange is recognized; similarly, a substantial modification of the current terms of a financial liability is recorded, as indicated for debt restructurings.

The derecognition of a financial liability is accounted for as follows: the difference between the carrying amount of the financial liability (or the portion thereof that has been derecognized) and the consideration paid, including attributable transaction costs, and which must also include any asset transferred other than cash or liability assumed, is recognized in the income statement of the period in which it occurs.

4.7 Inventories

Inventories are valued at their purchase price or production cost. The purchase price includes the amount invoiced by the seller, after deducting any discounts, price reductions, or similar items, and all additional expenses incurred until the goods are ready for sale, such as transportation, customs duties, insurance, and other costs directly attributable to the acquisition of the inventories. The cost of production is determined by adding to the purchase price of raw materials and other consumables the costs directly attributable to the product. Also included is the reasonable portion of costs indirectly attributable to the products, to the extent that such costs correspond to the period of manufacture, processing, or construction, were incurred in placing them for sale, and are based on the level of utilization of the normal working capacity of the means of production.

Since the Company's inventory does not require a period of more than one year to be ready for sale, no financing costs are included in the purchase price or production cost.

The Company uses the weighted average cost method to value inventory.

When the net realizable value of inventory is less than its acquisition price or production cost, appropriate valuation adjustments are made, recognizing them as an expense in the income statement. For raw materials and other consumables used in the production process, no valuation adjustment is made if the finished products into which they will be incorporated are expected to be sold above cost.

4.8 Cash and Other Liquid Assets

This heading includes cash on hand, bank checking accounts, and deposits and temporary asset acquisitions that meet all of the following requirements:

- They are convertible into cash.
- At the time of acquisition, their maturity was not more than three months.
- They are not subject to significant risk of change in value.
- They form part of the Company's normal cash management policy.

For purposes of the statement of cash flows, occasional overdrafts that form part of the Company's cash management are included as cash and cash equivalents.

4.9 Classification of Assets and Liabilities as Current and Non-Current

Assets and liabilities are presented on the balance sheet classified as current or non-current. For these purposes, assets and liabilities are classified as current when they are linked to the Company's normal operating cycle and are expected to be sold, consumed, realized, or settled within the course of that cycle; are different from the above and their maturity, disposal, or realization is expected to occur within a maximum period of one year; they are held for trading purposes or are cash and other cash equivalents whose use is not restricted for a period exceeding one year. Otherwise, they are classified as non-current assets and liabilities.

4.10 Shareholders' Equity

Share capital is represented by common stock.

The costs of issuing new shares or options are recognized directly in equity, as a reduction in reserves.

In the case of the acquisition of the Company's own shares, the consideration paid, including any directly attributable incremental costs, is deducted from equity until such shares are canceled, reissued, or disposed of. When these shares are subsequently sold or reissued, any amount received, net of any directly attributable incremental transaction costs, is included in equity.

4.11 Revenue and Expenses

Revenue and expenses are recognized on an accrual basis, that is, when they accrue or are incurred, respectively, regardless of when actual collection or payment occurs. Revenue is measured at the fair value of the consideration received, net of discounts and taxes.

For the accounting recognition of revenue, the Company follows a process consisting of the following successive stages:

a) Identify the contract (or contracts) with the customer, understood as an agreement between two or more parties that creates enforceable rights and obligations for them.

b) Identify the obligation or obligations to be fulfilled under the contract, representing the commitments to transfer goods or provide services to a customer.

c) Determine the transaction price, or contract consideration to which the Company expects to be entitled in exchange for the transfer of goods or the provision of services committed to the customer.

d) Allocate the transaction price to the obligations to be fulfilled, which must be done based on the individual selling prices of each distinct good or service committed to in the contract, or, where applicable, by estimating the selling price when it is not observable independently.

e) Recognize revenue from ordinary activities when the Company satisfies a contractual obligation by transferring an asset or providing a service; satisfaction occurs when the customer obtains control of that asset or service, such that the amount of revenue from ordinary activities recognized will be the amount allocated to the satisfied contractual obligation.

Recognition

The Company recognizes revenue from a contract when control over the promised goods or services (i.e., the obligation(s) to be fulfilled) is transferred to the customer.

For each identified performance obligation, the Company determines at the inception of the contract whether the commitment is satisfied over time or at a point in time.

Revenue from commitments that are satisfied over time is recognized based on the degree of progress toward full satisfaction of the contractual obligations, provided that the Company has reliable information to measure the degree of progress.

In the case of contractual obligations that are fulfilled at a specific point in time, revenue from their fulfillment is recognized on that date. Costs incurred in the production or manufacture of the product are recorded as inventory.

Fulfillment of the Obligation Over Time

The Company transfers control of an asset over time when one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Company's activity as the entity performs it.
- The Company produces or enhances an asset that the customer controls as the activity is performed.
- The Company produces a specific asset for the customer with no alternative use, and the Company has an enforceable right to payment for the activity completed to date.

Indicators of fulfillment of the obligation at a point in time

To determine the specific point in time at which the customer obtains control of the asset, the Company considers the following indicators:

- The customer assumes the significant risks and rewards inherent in ownership of the asset.

- The Company transfers physical possession of the asset.
- The customer receives the asset in accordance with the contractual specifications.
- The Company has a right to receive payment for transferring the asset.
- The customer owns the asset.

Recognition

Revenue from the sale of goods and the provision of services is recognized at the monetary amount or, where applicable, the fair value of the consideration received or expected to be received. The consideration is the agreed price for the assets to be transferred to the customer, less: the amount of any discount, price reduction, or other similar items that the Company may grant, as well as interest included in the principal amount of receivables.

4.12 Income Taxes

The Company is the parent entity of a tax group with number 0191/10, comprising all Spanish subsidiaries.

The income tax expense for the year is calculated by adding current tax—which results from applying the applicable tax rate to the taxable income for the year, less existing tax credits and deductions—and changes during the year in recorded deferred tax assets and liabilities. It is recognized in the income statement, except when it relates to transactions recorded directly in equity, in which case the corresponding tax is also recorded in equity, and in the initial accounting for business combinations, where it is recorded along with the other equity items of the acquired business.

Deferred taxes are recognized for temporary differences existing at the balance sheet date between the tax basis of assets and liabilities and their carrying amounts. The tax basis of an asset or liability is the amount attributed to it for tax purposes.

The tax effect of temporary differences is included in the corresponding “Deferred tax assets” and “Deferred tax liabilities” line items on the balance sheet.

The Company recognizes a deferred tax liability for all taxable temporary differences, except, where applicable, for the exceptions provided for in current regulations.

The Company recognizes deferred tax assets for all deductible temporary differences, unused tax credits, and tax loss carryforwards, to the extent that it is probable the Company will have future taxable income against which these assets can be utilized, except, where applicable, for the exceptions provided for in current regulations.

At the end of each fiscal year, the Company assesses recognized deferred tax assets and those not previously recognized. Based on this assessment, the Company writes off a previously recognized asset if its recovery is no longer probable, or recognizes any previously unrecognized deferred tax asset provided it is probable that the Company will have future taxable income against which it can be utilized.

Deferred tax assets and liabilities are measured at the tax rates expected at the time of their reversal, in accordance with approved regulations, and in accordance with the manner in which the deferred tax asset or liability is reasonably expected to be recovered or paid.

Deferred tax assets and liabilities are not discounted and are classified as non-current assets and liabilities, regardless of the expected date of realization or settlement.

The accrued corporate income tax expense for companies subject to the consolidated tax return regime is determined by taking into account, in addition to the parameters to be considered in the case of individual taxation set forth above, the following:

a) Temporary and permanent differences arising from the elimination of intercompany income within the Group, resulting from the process of determining the consolidated taxable income.

b) The deductions and tax credits applicable to each company within the tax group under the consolidated tax return regime; for these purposes, deductions and tax credits shall be allocated to the company that carried out the activity or generated the income necessary to qualify for the tax deduction or credit.

c) Temporary differences arising from the elimination of income between companies within the tax group are recognized in the company that generated the income and are valued at the tax rate applicable to that company.

d) The parent company of the tax group records the total amount payable or refundable for consolidated corporate income tax as a debit or credit to receivables or payables with group companies and associates.

4.13 Foreign Currency Transactions

The Company's functional and presentation currency is the euro.

Foreign currency transactions are initially measured at the spot exchange rate in effect on the transaction date.

Monetary assets and liabilities denominated in foreign currency are translated at the spot exchange rate in effect on the balance sheet date. Exchange differences, both positive and negative, arising from this process, as well as those arising upon the settlement of such items, are recognized in the income statement of the period in which they arise.

4.14 Environmental Assets

Expenses related to business activities aimed at protecting and improving the environment and other expenses arising from compliance with environmental legislation are recorded as expenses in the period in which they occur, unless they correspond to the purchase cost of items that are added to the Company's assets for long-term use, in which case they are recorded in the corresponding accounts under the heading "Property, Plant, and Equipment" and are depreciated using the same criteria.

4.15 Transactions with Related Parties

Transactions with related parties are accounted for in accordance with the valuation rules detailed above.

4.16 Provisions and Contingencies

Liabilities whose amount or settlement date is undetermined are recognized on the balance sheet as provisions when the Company has a present obligation (whether arising from a legal or contractual provision or from an implied or tacit obligation), resulting from past events, which is estimated to be likely to result in an outflow of resources to settle it and which is quantifiable.

Provisions are measured at the present value of the best possible estimate of the amount necessary to settle or transfer the obligation to a third party, with any adjustments arising from the revaluation of the provision recorded as a financial expense as they accrue. For provisions with a maturity of one year or less, and where the financial effect is not significant, no discount is applied. Provisions are reviewed at the balance sheet date and adjusted to reflect the best current estimate of the corresponding liability at all times.

Compensation to be received from a third party upon settlement of the provisions is recognized as an asset, without reducing the amount of the provision, provided there is no doubt that such reimbursement will be received, and without exceeding the amount of the recorded obligation. When there is a legal or contractual arrangement to transfer the risk, under which the Company is not obligated to bear it, the amount of such compensation is deducted from the amount of the provision.

Furthermore, contingent liabilities are considered to be those possible obligations arising from past events, the realization of which is contingent upon future events that are not entirely within the Company's control, and those present obligations arising from past events for which an outflow of resources to settle them is not probable or which cannot be measured with sufficient reliability. These liabilities are not recognized in the financial statements but are disclosed in the notes, except when the outflow of resources is remote.

4.17 Severance Pay

In accordance with current labor legislation, the Company is obligated to pay severance to those employees with whom, under certain conditions, it terminates its employment relationship. Severance payments that can be reasonably quantified are recognized as an expense in the fiscal year in which a valid expectation exists, created by the Company vis-à-vis the affected third parties.

4.18 Non-current assets and disposal groups held for sale

The Company classifies under the heading "Non-current assets held for sale" those assets whose carrying amount is expected to be recovered primarily through sale rather than through continued use, provided they meet the following requirements:

- They are available in their current condition for immediate sale, subject to the usual and customary terms of sale.
- Their sale is highly probable.

Noncurrent assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell, except for deferred tax assets, assets arising from employee benefits, and financial assets that do not relate to investments in group companies, joint ventures, and associates, which are measured in accordance with their specific accounting policies. These assets are not amortized, and, if necessary, appropriate valuation adjustments are made so that the carrying amount does not exceed fair value less costs to sell.

Disposal groups of items held for sale are measured using the same rules indicated in the preceding paragraph. Once this measurement is completed, the group of items as a whole is measured at the lower of its carrying amount and its fair value less costs to sell.

Related liabilities are classified under the heading "Liabilities related to non-current assets held for sale." As of December 31, 2025, and 2024, there are no discontinued operations.

5. Intangible Assets

The breakdown and movements of the various items comprising intangible assets are as follows:

(Thousands of euros)	Opening balance	Additions and additions	Disposals and reversals	Ending balance
Fiscal Year 2025				
Cost				
Software	386	-	-	386
Accumulated amortization				
Computer software	(100)	(20)	-	(120)
Net book value	**286**			**266**

(Thousands of euros)	Opening balance	Additions and additions	Disposals and reversals	Ending balance
Fiscal Year 2024				
Cost				
Computer software	383	3	-	386
Accumulated amortization				
Computer software	(80)	(20)	-	(100)
Net book value	**303**			**286**

5.1 Description of significant changes

No additions were recorded during the 2025 fiscal year.

Additions for the 2024 fiscal year primarily corresponded to the implementation of various software programs by the Company for 3 thousand euros.

As of December 31, 2025 and 2024, there are no fully amortized intangible assets that remain in use.

6. Property, plant, and equipment

The breakdown and movements of the various items comprising property, plant, and equipment are as follows:

(Thousands of euros)	Opening balance	Additions and depreciation	Disposals	Balance for the sale (Note 6.3)	Transfers	Ending balance
Fiscal Year 2025						
Cost						
Land and buildings	26,893	-	(26,893)	-	-	-
Technical installations and other property, plant, and equipment	6,814	8	-	-	-	6,822
Fixed assets in progress	-	79	-	-	-	79
	33,707					6,901
Accumulated depreciation						
Buildings	(5,483)	-	5,483	-	-	-
Technical facilities and other property, plant, and equipment	(6,385)	(41)	-	-	-	(6,426)
	(11,868)					(6,426)
Impairment adjustments						
Land and buildings	(455)	-	455	-	-	-
Technical facilities	-	-	-	-	-	-
	(455)					-
Net book value	**21,384**					**475**

(Thousands of euros)	Opening balance	Additions and depreciation	Reversal	Held for sale (Note 6.3)	Disposals	Ending balance
Fiscal Year 2024						
Cost						
Land and buildings	43,574	463	-	(17,144)	-	26,893
Technical installations and other property, plant, and equipment	44,733	5	-	(37,924)	-	6,814
	88,307					33,707
Accumulated depreciation						
Buildings	(11,812)	(340)	-	6,669	-	(5,483)
Technical installations and other property, plant, and equipment	(21,637)	(244)	-	15,496	-	(6,385)
	(33,449)					(11,868)
Impairment adjustments						
Land and buildings	(10,930)	-	9,601	-	874	(455)
Technical installations	(22,428)	-	19,343	-	3,085	-
	(33,358)					(455)
Net book value	**21,500**					**21,384**

6.1 Description of the main changes

The changes in fiscal year 2025 correspond to the disposal of land and buildings, which includes impairment adjustments (recorded under Rural and Agricultural Land – Dehesa Vaqueros in 2024), due to the transfer of these assets to Generia Land, S.L.

The changes in fiscal year 2024 correspond to the transfer of the net book value of the Puertollano warehouse to "Non-current assets held for sale" (Note 14).

6.2 Operating leases

Operating leases where the Company is the lessee

The minimum future payments under the non-cancellable lease as of December 31 are as follows:

(Thousands of euros)	2025	2024
Up to one year	665	613
Between one and five years	1,630	-
	2,295	**613**

The Company has leased its headquarters in Madrid, at Calle Princesa 2, to DTL Corporación, S.L., pursuant to lease agreements signed on July 1, 2009. For the lease of these offices, the Company paid 651 thousand euros in fiscal year 2025 (594 thousand euros in fiscal year 2024). This lease agreement includes parking spaces.

Operating leases where the Company is the lessor

Since fiscal year 2009, the Company has leased land to several of its subsidiaries. The Company owns these assets, while the subsidiaries hold the permits, licenses, and authorizations. In this regard, the Company leases land located in Fuenmayor to its subsidiary Planta Solar Puertollano 6, S.A., as well as a roof over an industrial warehouse housing a photovoltaic plant in Puertollano to the company Solaria Casiopea, S.A. In addition, the Company also leases land located in Fuenmayor to third parties through June 2025; subsequently, this land was transferred to Generia Land, S.L.

Revenue from this source, which is linked to revenue from energy generation under the leases, amounted to 281 thousand euros through June 2025 and 609 thousand euros in 2024, respectively, and is recorded under the "Provision of Services" heading in the income statement (Note 15.1).

The minimum future payments under non-cancelable lease agreements as of December 31 are as follows:

(Thousands of euros)	2025	2024
Up to one year	-	657
Between one and five years	-	2,841
More than five years	-	5,179
	-	**8,677**

6.3 Impairment of property, plant, and equipment

In prior years, the Company recorded impairment losses on assets related to the solar panel manufacturing business. The breakdown of impairment losses as of December 31, 2025, and 2024 is as follows:

(Thousands of euros) Asset	Nature	Segment	Impairment 12/31/2025	12/31/2024
Land Dehesa Vaqueros	Rural properties	Spain	-	(455)
Puertollano (Ciudad Real)	Warehouses and facilities		-	-

Puertollano (Industrial buildings and facilities): During fiscal year 2024, given the growing interest from new businesses (Data Centers) in the Puertollano facilities, the impairment of said plant was reversed for a net amount of 28.9 million euros, taking into account the corresponding depreciation for the years during which it had been impaired, amounting to 4 million euros (recorded as impairment write-offs in the 2024 statement of changes in fixed assets).

Subsequently, upon meeting the requirements, the net book value of Puertollano was reclassified to "Non-current assets held for sale" (Note 14).

In the last quarter of 2024, driven by growing interest in data centers and given that Solaria holds a privileged position due to its location, land, and facility, the Company received several offers from third parties, all valued at amounts exceeding 28.9 million (net book value of the Puertollano facilities and installations).

During fiscal years 2025 and 2024, an analysis was conducted to determine whether there were any indications of impairment in the remaining assets, concluding that there is no indication that the carrying amount of its tangible assets exceeds their respective recoverable amount, i.e., that any asset may be impaired.

6.4 Other Information

As of December 31, 2025 and 2024, there are no fully depreciated items of property, plant, and equipment in use.

As of December 31, 2025 and 2024, there are no commitments to acquire property, plant, or equipment. Likewise, there is no capitalized interest as of that date at the Company.

The Company has taken out insurance policies to cover the risks to which its property, plant, and equipment are subject. The coverage provided by these policies is considered sufficient.

7. Long-term investments in group companies and associates

The breakdown and movements of the various items comprising this heading are as follows:

(Thousands of euros)	Opening balance	Additions	Ending balance
Fiscal Year 2025			
Equity instruments			
Cost	645,277	177,519	822,796
Impairment losses	(16)	-	(16)
	645,261	**177,519**	**822,780**
Fiscal Year 2024			
Equity instruments			
Cost	95,834	549,443	645,277
Impairment losses	(16)	-	(16)
	95,818	**549,443**	**645,261**

7.1 Description of the main changes

Additions for fiscal year 2025 correspond mainly to various additional capital contributions through the forgiveness of loans entered into with subsidiaries, primarily Solaria Energía y Generación Renovables, S.L., in the amount of 157,061 thousand euros, and a capital increase with the associate, Generia Land, S.L., in the amount of 20,458 thousand euros.

Additions for fiscal year 2024 corresponded mainly to various additional capital contributions through the forgiveness of loans with subsidiaries, primarily Generia Land, S.L. in the amount of 4,582 thousand euros, Solaria Energía y Generación Renovables, S.L. in the amount of 506,408 thousand euros, and Solaria Promoción y Desarrollo Fotovoltaico, S.L. in the amount of 38,033 thousand euros

7.2 Description of Investments

The amounts of capital, reserves, net income for the year, and other relevant information for direct investees as of December 31, 2025, are shown below:

12/31/2025 - thousands of euros Equity	% Ownership Direct	Value at on the books	Capital	Issue Premium + Reserves	Net Income	Total Equity
Planta Solar Puertollano 4, S.L. (unaudited)	100%	96	3	32	6	41
Planta Solar Puertollano 8, S.L. (unaudited)	100%	321	3	(3)	-	-
Pronature, S.L. (unaudited)	6%	-	50	223	20	293
Generia Land, S.L. (unaudited)	50%	39,890	14	60,568	1,062	61,644
Prodigy Orbit, LDA (unaudited)	50%	155	-	18,049	(634)	17,415
Solaria Energía y Generación Renovables, S.L. (unaudited)	100%	744,276	1,965	768,934	3,164	774,063
Solaria Promoción y Desarrollo Fotovoltaico, S.L. (unaudited)	100%	38,036	3	71,684	10,625	82,312
Solaria Ingeniería y Construcción Fotovoltaica, S.L. (unaudited)	100%	3	3	295,737	193,234	488,974
Solaria Data Center, S.L. (unaudited)	100%	-	3	(8)	(72)	(77)
Solaria Representación en Mercado, S.L. (unaudited)	100%	3	3	-	308	311
		822,780				

The amounts of capital, reserves, net income for the year, and other relevant information for direct investees as of December 31, 2024, are shown below:

12/31/2024 - thousands of euros Equity	% Ownership Direct	Value at on the books	Capital	Issue Premium + Reserves	Net Income	Total Equity
Planta Solar Puertollano 4, S.L. (unaudited)	100%	96	3	25	7	35
Planta Solar Puertollano 8, S.L. (unaudited)	100%	321	3	(3)	-	-
Pronature, S.L. (unaudited)	6%	-	50	267	(45)	273
Generia Land, S.L. (unaudited)	100%	19,432	3	20,172	701	20,876
Prodigy Orbit, LDA (unaudited)	50%	155	-	16,417	161	16,578
Solaria Energía y Generación Renovables, S.L. (unaudited)	100%	587,215	1,965	610,223	1,649	613,837
Solaria Promoción y Desarrollo Fotovoltaico, S.L. (unaudited)	100%	38,036	3	51,843	20,381	72,227
Solaria Ingeniería y Construcción Fotovoltaica, S.L. (unaudited)	100%	3	3	224,842	58,887	283,732
Solaria Data Center, S.L. (unaudited)	100%	-	3	-	-	3
Solaria Representación en Mercado, S.L. (unaudited)	100%	3	3	-	-	3
		645,261				

The results of the companies included in the tables above correspond entirely to continuing operations. None of the companies is listed on the stock exchange.

The main investment included under the heading “Long-term investments in group companies and associates” corresponds to Solaria Energía Generación Renovable, S.L. The Company’s management has verified that there are no indications of impairment of the investments in the portfolio, both for this company and for the rest of the investees it holds.

The Company has made the required disclosures regarding its investee companies, as set forth in Article 155 of the Capital Companies Act, and there are no commitments that could give rise to contingencies with respect to such companies.

8. Financial Assets

The breakdown of financial assets, excluding investments in the equity of group, multi-group, and associated companies (Note 7), as of December 31, is as follows:

(Thousands of euros)	Loans to companies 2025	Loans to companies 2024	Loans, derivatives, and 2025	Loans, derivatives, and 2024	Total 2025	Total 2024
Long-term financial assets						
Financial assets at amortized cost						
Long-term bonds and deposits	-	-	482	223	482	223
	-	**-**	**482**	**223**	**482**	**223**
Current financial assets						
Financial assets at amortized cost						
Trade receivables from sales and services	-	-	40,633	1,058	40,633	1,058
Trade receivables from group companies and associates (Note 16.1)	-	-	147,162	3,199	147,162	3,199
Current accounts with group companies (Note 16.1)	-	8,881	-	-	-	8,881
	-	**8,881**	**187,795**	**4,257**	**187,795**	**13,138**
	-	**8,881**	**188,277**	**4,480**	**188,277**	**13,361**

All financial assets are measured at cost or amortized cost, and their carrying amount does not differ significantly from their fair value.

Current accounts with group companies

Current accounts with group companies as of December 31, 2024, included an amount of 8,881 thousand euros, mainly in respect of taxes paid in advance to various international subsidiaries (Note 13). consolidated VAT and payments

Trade receivables and other accounts receivable

The breakdown of this item as of December 31 is as follows:

(Thousands of euros)	2025	2024
Trade receivables from sales and services	40,633	1,058
Customers, group companies, and associates (Note 16)	147,162	3,199
	187,795	**4,257**

As of December 31, 2025, accounts receivable from third parties consist primarily of outstanding balances arising from the provision of services, as well as services related to project development.

The fair value of these financial assets does not differ significantly from their carrying amount.

Value adjustments

As of December 31, 2025, and 2024, the balance of the "Trade receivables" account has not been subject to any impairment charges.

9. Inventories

Inventories as of December 31, 2025, and 2024 correspond to costs incurred for the development of new photovoltaic plants that will be sold to other group companies once construction is completed. No financing costs were capitalized during fiscal year 2025. As of December 31, 2025, and 2024, there are no impairment charges.

10. Cash and cash equivalents

The amount reported under this heading consists exclusively of balances in bank checking accounts and cash on hand for the fiscal years ended December 31, 2025, and 2024. The checking accounts earn interest at the market rate for this type of account.

11. Equity – Shareholders' Equity

11.1 Registered capital

As of December 31, 2025 and 2024, the registered capital presented in Net Equity amounts to 1,250 thousand euros, divided into 124,950,876 bearer shares with a par value of 0.01 euros each, respectively.

The breakdown of the principal shareholders and their ownership interest as of December 31, 2025, and 2024 is as follows:

	2025	2024
Enrique Diaz-Tejeiro Gutierrez	13.50%	-
Arturo Diaz-Tejeiro Larrañaga	8.80%	-
Enrique Diaz-Tejeiro Larrañaga	6.40%	-
Miguel Diaz-Tejeiro Larrañaga	7.70%	-
Stoneshield Holding, LLC	9.50%	-
Other shareholders	54.10%	65.09%
DTL Corporación, S.L.	-	34.91%
	100%	**100%**

The shares comprising the share capital are officially listed on the four Spanish stock exchanges, trading on the continuous market and, since October 2020, forming part of the IBEX35. There are no restrictions on the free transferability of these shares.

11.2 Share premium

As of December 31, 2025, and 2024, the share premium amounts to 309,676 thousand euros.

The share premium is freely available provided that, as a result of its distribution, equity does not fall below the share capital.

11.3 Reserves and prior-year results

The details and movements of the various items comprising reserves and prior-year results are as follows:

(Thousands of euros) balance	Opening balance Adjusted	Transactions involving treasury stock	Distribution of earnings	Ending balance
Fiscal Year 2025				
Legal reserve	5,311	-	-	5,311
Voluntary reserves	121,266	4,998	171,375	297,639
	126,577	**4,998**	**171,375**	**302,950**

(Thousands of euros) balance	Opening balance Adjusted	Other changes	Distribution of earnings	Ending balance
Fiscal Year 2024				
Legal reserve	5,311	-	-	5,311
Voluntary reserves	92,342	-	28,924	121,266
	97,651	**-**	**28,924**	**126,577**

Voluntary reserves are freely available provided that, as a result of their distribution, equity does not fall below the share capital.

Legal reserve

In accordance with the Consolidated Text of the Capital Companies Act, the legal reserve, provided it does not exceed 20% of the share capital, is not distributable to shareholders and may only be used, in the absence of other available reserves, to offset losses. This reserve may also be used to increase the share capital to the extent that it exceeds 10% of the capital already increased.

As of December 31, 2025, and 2024, the Company's legal reserve exceeds the minimum requirement, amounting to 5,311 thousand euros at the end of both fiscal years.

It cannot be distributed and may be used to offset losses; if there are no other reserves available sufficient for that purpose, it must be replenished with future profits.

11.4 Treasury shares and equity interests

During fiscal year 2025, the net loss recorded in equity resulting from transactions involving treasury shares amounted to 5,004 thousand euros.

	2025	
(Thousands of euros)	**Number of shares**	**Cost**
Opening balance	-	-
Additions	9,211,634	106,664
Withdrawals	(5,491,311)	(56,660)
Ending balance	**3,720,323**	**50,004**

No transactions involving treasury stock were conducted in 2024.

12. Financial liabilities

The breakdown of financial liabilities as of December 31 is as follows:

(Thousands of euros)	**Bank loans**		**Bonds and other marketable securities**		**Payables to related companies**		**Derivatives and other**		**Total**	
	(Note 12.1)		**(Note 12.2)**		**(Note 16.1)**		**(Note 12.2)**			
	2025	**2024**	**2025**	**2024**	**2025**	**2024**	**2025**	**2024**	**2025**	**2024**
Long-term financial liabilities										
Liabilities at amortized cost or										
Long-term debt	47,018	-	10,000	-	-	-	-	-	57,018	-
Payables to group companies and associates (Note 16.1)	-	-	-	-	77,379	4,960	-	-	77,379	4,960
	47,018	-	10,000	-	77,379	4,960	-	-	134,397	4,960
Current financial liabilities										
Liabilities at amortized cost or cost										
Current liabilities	19,000	-	141,400	72,000	-	-	-	-	160,400	72,000
Payables to group companies and associates short-term (Note 16.1)	-	-	-	-	42,135	44,571	-	-	42,135	44,571
Suppliers	-	-	-	-	-	-	167	348	167	348
Group company suppliers	-	-	-	-	-	-	2,937	1,283	2,937	1,283
Staff	-	-	-	-	-	-	2,997	3,032	2,997	3,032
	19,000	-	141,400	72,000	42,135	44,571	6,101	4,663	208,636	121,234
	66,018	-	**151,400**	**72,000**	**119,514**	**49,531**	**6,101**	**4,663**	**343,033**	**126,194**

All liabilities are measured at cost or amortized cost, and their fair value does not differ significantly from their carrying amount.

12.1 Bank loans

The breakdown of bank borrowings as of December 31 is as follows:

(Thousands of euros)	2025	2024
Long-term		
Debts to financial institutions	47,018	-
	47,018	**-**
Short-term		
Debts to credit institutions	19,000	-
	19,000	**-**
	66,018	**-**

As of December 31, 2025, the balance of debt with credit institutions corresponds primarily to the following loans:

- A loan from Banco Santander for 47,018 thousand euros maturing on June 3, 2027. This loan bears an annual interest rate of 3.94% plus the daily 3-month Euribor.

- Loan from Société Générale, Spain Branch, for 10,000 thousand euros, maturing on December 23, 2026. This loan bears interest at market rates.

- Loan with BBVA for 9 million euros, maturing on January 17, 2026. This loan bears interest at a market rate.

12.2 Other financial liabilities

The breakdown of other financial liabilities as of December 31 is as follows:

(Thousands of euros)	2025	2024
Long-term		
Bonds and other marketable securities	10,000	-
Payables to group companies and associates (Note 16)	77,379	4,960
	87,379	4,960
Current		
Bonds and other marketable securities	141,400	72,000
Payables to group companies and associates (Note 16)	42,135	44,571
Trade payables and other accounts payable	6,101	4,663
	189,636	121,234
	277,015	**126,194**

Bonds and other marketable securities

This corresponds to the program for issuing promissory notes on the Alternative Fixed Income Market (MARF) with 12-month maturities among institutional investors. As of December 31, 2025, the balance sheet amounts to 141,400 thousand euros, with maturities between January and December 2026, and 10,000 thousand euros maturing in March 2027 (72,000 thousand euros as of December 31, 2024). This debt bears a fixed market interest rate.

Payables to Group Companies and Associates

As of December 31, 2025 and 2024, the balance of long-term debt corresponds to the loan granted to Solaria Eguzki Sorkuntza, S.L., which matures on May 29, 2028. This loan bears interest at a rate of Euribor plus 0.5% and has an outstanding balance of 4,237 thousand euros as of December 31, 2025 (4,960 thousand euros in 2024).

Additionally, it includes long-term payables to group companies as of December 31, 2025, primarily related to consolidated corporate income tax and value-added tax.

Short-term current accounts with group companies as of December 31, 2025, include a net amount of 19,951 thousand euros from Solaria Promoción y Desarrollo Fotovoltaico, S.L. (11,306 thousand euros, primarily related to consolidated corporate income tax as of December 31, 2024).

Trade payables and other short-term accounts payable

The breakdown of this item as of December 31, 2025, and 2024 is as follows:

(Thousands of euros)	2025	2024
Suppliers	167	348
Group and associated company suppliers	2,937	1,283
Personnel	2,997	3,032
	6,101	**4,663**

13. Tax position

The breakdown of tax asset and liability balances as of December 31 is as follows:

(Thousands of euros)	2025	2024
Deferred tax assets	15,416	8,105
Current tax asset	230	19
Other receivables from government	7,896	310
	23,542	**8,434**
Deferred tax liabilities	9,953	-
Current tax liabilities	-	9,168
Other payables to government agencies	312	121
	10,265	**9,289**

Since fiscal year 2010, the Company has been taxed under the tax consolidation regime, acting as the parent company of the Group.

Under current legal provisions, tax assessments cannot be considered final until they have been reviewed by the tax authorities or the statute of limitations has expired, which is currently set at four years. The Company is subject to audit for the last four fiscal years for all applicable taxes.

In the opinion of the Company's Directors, there are no significant tax contingencies that could arise, in the event of an audit, from possible differing interpretations of the tax regulations applicable to the transactions carried out by the Company.

13.1 Calculation of Corporate Income Tax

The reconciliation between the net amount of income and expenses for the fiscal year and the taxable income (taxable profit) for Corporate Income Tax is as follows:

	2025		
	Income Statement		
(Thousands of euros)	Increases	Decreases	Total
Net income for the year			180,125
Corporate Income Tax			20,546
Profit/(Loss) before taxes			200,671
Permanent differences			
Of the Parent Company	295	-	295
Temporary differences			
From the Parent Company	38,692	(42,914)	(4,222)
Eliminations/additions of intra-tax-group internal re-invoicing	13,644	(97,184)	(83,540)
Offset of tax loss carryforwards	-	(6,345)	(6,345)
Taxable income			**106,859**

The reconciliation between net income and expenses for the year and the taxable income (taxable profit) for corporate income tax purposes is as follows:

	2024		
	Income Statement		
(Thousands of euros)	Increases	Decreases	Total
Net income for the year			171,375
Corporate income tax			28,974
Pre-tax profit/(loss)			200,349
Permanent differences			
Of the Parent Company	190	-	190
Temporary differences			
From the Parent Company	-	(277)	(277)
Eliminations/additions of intra-tax-group re-invoicing	12,015	(96,618)	(84,603)
Offset of tax loss carryforwards	-	(18,609)	(18,609)
Taxable income			**97,050**

The reconciliation between income tax expense / (income) and the result of multiplying the applicable tax rates by total recognized income and expenses is as follows:

(Thousands of euros)	2025	2024
Income before taxes	200,671	200,349
Theoretical tax burden (25%)	50,168	50,087
Permanent differences	73	38
Temporary differences	(8,897)	-
Eliminations/additions of internal re-invoicing within the tax group	(20,885)	(21,151)
Other / adjustment of prior years	87	-
Effective tax expense / (income)	**20,546**	**28,974**

The corporate income tax expense / (income) is broken down as follows:

(Thousands of euros)	2025	2024
Current tax (taxable income at 25%)	17,818	20,924
Change in deferred taxes		
Deductions applied during the fiscal year	-	3,338
Deferred income tax adjustments affecting the income statement (BIN and temporary differences)	2,641	4,722
Other / adjustment of prior years	87	-
Effective tax expense / (income)	**20,546**	**28,974**

The amount of corporate income tax payable / (refundable) is as follows:

(Thousands of euros)	2025	2024
Tax	20,546	28,974
Deductions and BINS applied	(2,641)	(7,990)
Withholdings and payments on account	(3,914)	(510)
Payable on behalf of subsidiaries as head of the tax group	(14,236)	(11,306)
Total payable / (refundable)	**(245)**	**9,168**

13.2 Deferred tax assets and liabilities

The breakdown and changes in the various items comprising deferred tax assets and liabilities are as follows:

(Thousands of euros)	Opening balance	Changes reflected in (Income statement)	Ending balance
Fiscal Year 2025			
Deferred tax assets			
Tax loss carryforwards	7,920	7,380	15,300
Unused tax credits and other	116	-	116
	8,105	**7,380**	**15,416**
Deferred tax liabilities Tax bases of subsidiaries	-	(9,953)	(9,953)
	-	**(9,953)**	**(9,953)**

(Thousands of euros)	Opening balance	Changes reflected in (Income) Statement	Ending balance
Fiscal Year 2024			
Deferred tax assets			
Tax loss carryforwards	12,572	(4,652)	7,920
Unused tax credits and other	3,523	(3,407)	116
	16,095	**(8,059)**	**8,105**

The amount of changes in deferred tax assets reflected in “other movements” corresponds to the utilization of tax loss carryforwards resulting from consolidated taxation.

Unused tax loss carryforwards

The breakdown of the Company's tax loss carryforwards is as follows:

	Thousands of euros	
Generation exercise	2025	2024
2013	22,517	29,427
2014	2,252	2,252
	24,769	**31,679**

In fiscal year 2025, the tax group to which the Company belongs utilized the Company's tax loss carryforwards in the amount of 6,345 thousand euros, corresponding to a deferred tax asset of 7,380 thousand euros.

Analysis of Deferred Tax Asset Recovery

Management has estimated the future tax benefits of the Company and the tax group to which it belongs. They have also analyzed the reversal period of taxable temporary differences, identifying those that reverse in the fiscal years in which the outstanding tax loss carryforwards can be utilized. Based on this analysis and taking into account the group's business plan presented to the market in September 2025, which forecasts significant growth in installed capacity and, consequently, in the tax group's results in the coming fiscal years, the Company has recognized deferred tax assets for all the items indicated above in the total amount of 15,416 thousand euros as of December 31, 2025 (8,105 thousand euros as of December 31, 2024). During fiscal year 2025, the Company utilized tax loss carryforwards in line with the provisions of the aforementioned business plan.

14. Non-current assets held for sale

In 2024, the Company publicly announced its decision to dispose of the Puertollano plant, which had a net book value of 28.9 million euros as of December 31, 2025, and 2024.

Due to various developments underway at the Puertollano plant regarding grid interconnection capacity, the Company has decided to postpone the sale process until fiscal year 2026, as it estimates that the sale price would be even higher than what it would have received in fiscal year 2025.

Consequently, it is estimated that the sale of the Puertollano plant will be completed during fiscal year 2026, with negotiations for its sale currently underway as of the date of preparation of these annual financial statements.

15. Revenues and Expenses

15.1 Net Revenue

The breakdown of the Company's net revenue from continuing operations by business segment is as follows:

(Thousands of euros)	2025	2024
Sales of inventory	119,591	177,515
Project development services	67,500	-
Operations and Maintenance Revenue	1,055	1,233
Group management services	39,302	21,101
Leases and other services (Note 6.2)	340	609
	227,788	**199,849**

Revenue primarily relates to transactions with other companies in the Solaria Group (Note 16). The increase compared to the prior year is due, among other factors, to progress in the construction of photovoltaic projects that were transferred to various Group companies during the current fiscal year in line with the execution of the business plan to achieve the planned operational capacity.

15.2 Purchases

The breakdown of purchases is as follows:

(Thousands of euros)	2025	2024
Work performed by other companies	12,569	6,889
	12,569	**6,889**

15.3 Other income

As of December 31, 2024, the Company recorded 28.9 million related to the Puertollano plant as "Other income" (Note 14).

15.4 Personnel expenses

The breakdown of personnel expenses is as follows:

(Thousands of euros)	2025	2024
Wages, salaries, and similar expenses Wages and salaries	10,430	10,722
Social security contributions	1,898	1,964
	12,328	**12,686**

There are no pension or similar obligations to the Company's employees.

15.5 External services

The breakdown of external services is as follows:

(Thousands of euros)	2025	2024
Leases (Note 6.2)	740	763
Repairs and maintenance	29	13
Independent professional services	519	288
Insurance premiums	-	327
Advertising, promotion, and public relations	30	-
Banking services	2	-
Supplies	19	48
Other services	252	405
	1,591	**1,844**

15.6 Financial income

The breakdown of financial income is as follows:

(Thousands of euros)	2025	2024
Interest on loans to third parties	50	105
	50	**105**

15.7 Financial Expenses

The breakdown of financial expenses is as follows:

(Thousands of euros)	2025	2024
Interest on loans from group companies (Note 16)	(115)	(215)
Interest on debts to third parties	(7,755)	(4,317)
	(7,870)	**(4,532)**

16. Transactions with related parties

The related parties with which the Company conducted transactions during fiscal years 2025 and 2024, as well as the nature of such relationship, are as follows:

	Nature of the relationship
Solaria Ingeniería y Construcción Fotovoltaica, S.L.	Group company
Solaria Promoción y Desarrollo Fotovoltaico, S.L.	Group company
Adhara Solar, S.L.	Group company
Planta FV 108, S.L.	Group company
Planta FV 110, S.L.	Group company
Planta FV 137, LLC	Group company
Planta FV 120, LLC	Group company
Planta FV 125, LLC	Group company
Planta FV 119, LLC	Group company
Planta FV 109, LLC	Group company
Planta FV 106, LLC	Group company
Planta FV 105, LLC	Group company
Planta Solar Puertollano 10, LLC	Group company
Planta FV 3, LLC	Group company
Guleve Investments, S.L.	Group company
Lerapa Investments, LLC	Group company
Planta FV 4, S.L.	Group company
Planta FV 104, LLC	Group company
Planta FV 102, LLC	Group company
Planta FV 101, LLC	Group company
Planta FV 100, LLC	Group company
Planta FV 116, LLC	Group company
Planta FV 114, LLC	Group company
Planta FV 107, LLC	Group company
Planta FV 103, LLC	Group company
Hydra Solar, S.L.	Group company
Serpens Solar, S.L.	Group company
Globasol Villanueva 1, S.A.U.	Group company
Solaria Casiopea, S.A.U.	Group company
Magacela Solar 1, S.A.U.	Group company
Planta FV 127, S.L.	Group company
Planta FV 122, S.L.	Group company
Planta FV 128, LLC	Group company
Planta FV 129, LLC	Group company
Planta FV 133, LLC	Group company
Planta FV 134, LLC	Group company
Planta FV 136, LLC	Group company
Planta FV 132, LLC	Group company
Planta FV 153, LLC	Group company
Planta FV 152, LLC	Group company
Planta FV 151, LLC	Group company
Planta FV Europa, S.L.	Group company
Planta FV Calisto, LLC	Group company
Planta FV 117, S.L.	Group company
Elassona	Group company
Planta FV 123, LLC	Group company
Planta FV 130, LLC	Group company
Planta FV 135, LLC	Group company
Planta FV 139, LLC	Group company
Planta FV 140, LLC	Group company
Planta Solar Puertollano 4, LLC	Group company
Planta Solar Puertollano 6, S.A.U.	Group company
Planta FV 141, S.L.	Group company
Pronature S.L.	Group company
Natelu, S.A.	Group company

	Nature of the relationship
Radiant Jupiter Lda.	Group company
Solaria Energia Renovaveis Portugal S.L.	Group company
Solaria Services Italy S.r.l.	Group company
Solaria Promozione e Sviluppo Fotovoltaico, S.r.l.	Group company
Solaria Ingeniería y Construcción Fotovoltaica, S.L. branch in Portugal	Group company
Solaria Deutschland GmbH	Group company
Solaria Energia Inversiones FV, S.L.	Group company
Solaria Eguzki Sorkuntza, S.L.	Group company
Solaria Eraikuntxa S.L.	Group company
Marche Energia S.r.l.	Group company
Ollastra Energia S.r.l.	Group company
Serre UTA 1 Societa Agricola S.r.l.	Group company
Directors	Board members
Senior management	Executives

16.1 Related entities

The breakdown of balances with related entities is as follows:

(Thousands of euros)	Other companies in the group
Fiscal Year 2025	
Trade receivables and current accounts (Note 8)	147,162
Long-term payables to group companies and associates (Note 12)	(77,379)
Short-term payables to group companies and associates (Note 12)	(42,135)
Group suppliers (Note 12)	(2,937)
Fiscal Year 2024	
Short-term loans (Note 8)	8,881
Trade receivables and current accounts (Note 8)	3,199
Long-term payables to group companies and associates (Note 12)	(4,960)
Short-term payables to group companies and associates (Note 12)	(44,571)
Group suppliers (Note 12)	(1,283)

The breakdown of transactions with related parties is as follows:

(Thousands of euros)	Parent Parent Direct	Other companies of the group	Total
Fiscal Year 2025			
Sales	-	119,470	119,470
Operating and Maintenance Revenue	-	1,055	1,055
Group management services	-	38,684	38,684
Leases and other services	-	37	37
External services (Note 6)	(651)	-	(646)
Financial expenses – Interest (Note 15.7)	-	(115)	(115)
Fiscal Year 2024			
Sales	-	177,243	177,243
Operating and Maintenance Revenue	-	1,233	1,233
Group management services		19,723	19,723
Leasing and other services	-	2	2
External services (Note 6)	(609)	-	(609)
Financial expenses – Interest (Note 15.7)	-	(215)	(215)

In addition, during the fiscal year, promissory notes issued by the Company in the amount of 14,700 thousand euros were purchased by the CEO, Mr. Arturo Díaz-Tejeiro (14,600 thousand euros in 2024).

All transactions with related parties correspond to the Company's normal business operations and are conducted at market prices, which are similar to those applied to unrelated entities.

16.2 Directors and Senior Management

The breakdown of compensation earned by members of the Board of Directors and the Company's senior management is as follows:

(Thousands of euros)	2025	2024
Directors	**580**	**620**
Salaries	580	620
Senior management	**2,908**	**3,076**
Salaries	2,908	3,076
	3,488	**3,696**

As of December 31, 2025 and 2024, no premiums have been paid for directors' and officers' liability insurance for damages caused.

As of December 31, 2025 and 2024, the Company had no obligations regarding pensions or life insurance for former or current members of the Board of Directors.

As of December 31, 2025 and 2024, there were no advances or loans granted to senior management or members of the Board of Directors, nor were there any obligations assumed on their behalf as collateral.

In accordance with Article 229 of the Capital Companies Act, the directors have declared that they have no conflicts of interest with the Company.

17. Information on the nature and level of risk arising from financial instruments

Risk management policies are established by Management and have been approved by the Company's Directors. Based on these policies, the Finance Department has established a series of procedures and controls that enable the identification, measurement, and management of risks arising from activities involving financial instruments. These policies stipulate, among other things, that the Company may not engage in speculative transactions with derivatives.

Activities involving financial instruments expose the Company to credit, market, and liquidity risk.

17.1 Credit risk

Credit risk arises from the potential loss caused by the failure of the Company's counterparties to meet their contractual obligations, that is, from the possibility of not recovering financial assets in the amount recorded and within the established timeframe.

Credit risk arises from cash and cash equivalents, derivative financial instruments, and deposits with banks and financial institutions. Transactions are conducted only with entities of recognized high credit quality, taking into account past experience and other factors. In cases where no independent credit rating has been assigned to customers, the finance department assesses their creditworthiness, taking into account the customer's financial position, past experience, and other factors.

With regard to credit risk related to accounts receivable, there is not considered to be a high credit risk, as these are primarily Group companies and associates.

Additionally, the Business Development Department and the Finance Department establish credit limits for each customer, which are set based on information received from an entity specializing in corporate credit analysis.

The breakdown by age of "Trade receivables and other accounts receivable" as of December 31 is as follows:

	From continuing operations (Note 8)	
(Thousands of euros)	**2025**	**2024**
Not yet due	**39,750**	**-**
Past due but not in doubt	**883**	**1,058**
Less than 30 days	-	-
Between 30 and 60 days	-	-
Between 60 and 90 days	-	-
Between 90 and 120 days	-	-
More than 120 days	883	1,058
Doubtful	**-**	**-**
Impairment losses (Note 8)	**-**	**-**
Total	**40,633**	**1,058**

17.2 Market risk

Foreign exchange risk

During fiscal years 2025 and 2024, the Company did not engage in any foreign currency transactions and was therefore not exposed to this risk.

Price risk

The Company manages this risk by taking into account market conditions at the time the transaction is carried out, through the signing of fixed-price contracts.

Cash flow interest rate risk

Interest rate risk arises from bank debt and from promissory note issuance programs on the Alternative Fixed Income Market (MARF). Bank debt at variable rates exposes the Company to cash flow interest rate risk. Solaria's policy is to hedge the interest rate risk of certain loans that are indexed to a variable interest rate by entering into derivative contracts.

As of December 31, 2025 and 2024, Solaria's debt structure is as as follows:

(Thousands of euros)	2025	2024
Fixed-rate debt	151,400	72,000
Variable-rate debt	66,018	-
Total	**217,418**	**72,000**

17.3 Liquidity Risk

Prudent liquidity risk management involves maintaining sufficient cash and marketable securities, ensuring access to financing through a sufficient amount of committed credit facilities, and having the capacity to settle market positions. Given the dynamic nature of the underlying businesses, the Company's Finance Department aims to maintain flexibility in financing through the availability of committed credit lines.

Management monitors the Company's liquidity reserve forecasts based on expected cash flows. The Company ensures its solvency and has sufficient cash on hand to meet all its obligations.

In the opinion of the Company's Directors, no problems are anticipated in meeting debts to third parties on their respective due dates according to the Group's budgets, which reflect Management's judgment based on current circumstances, the factors it considers most significant, and their most likely evolution. They anticipate the generation of sufficient funds to meet the Group's payments in the coming fiscal year, reinforced by the Group's financing capacity and additionally considering the undrawn credit lines existing at the end of fiscal year 2025.

Asset Management and Debt Level:

The Company's objectives regarding equity management are to safeguard its ability to continue as a going concern, to generate returns for shareholders, and to maintain an optimal equity structure by reducing the cost of equity. The Company's management monitors equity in accordance with the debt-to-equity ratio.

This ratio is calculated as net debt divided by equity. Net debt is calculated as total external financial resources minus cash and cash equivalents. Equity consists of the sum of share capital plus reserves and retained earnings, as shown on the balance sheet.

The Company's objective is to maintain adequate equity to secure the necessary external financing for its expansion, without compromising its solvency and while maximizing the return that shareholders can obtain on their invested capital.

17.4 Development Risk

Project development involves a regulatory approval process by public authorities where timelines and outcomes cannot always be controlled by the Company, as these depend on actions by third parties over whom the Company has no control. However, the Company has extensive experience in this type of process, which has resulted in the successful completion of a significant number of projects in various locations.

17.5 Capital Management

There are capital management objectives focused on safeguarding sustainable growth, providing an adequate return to shareholders, and maintaining an optimized capital structure.

The Company is not subject to rigid capital management criteria and, given its financial strength, is able to adopt the most appropriate solution for optimal management at any given time.

The Company's activities are exposed to various financial risks: market risk (including foreign exchange risk, price risk, and interest rate risk), credit risk, and liquidity risk. The global risk management program focuses on the uncertainty of financial markets and seeks to minimize potential adverse effects on the Company's financial performance; the Company uses derivatives to hedge exchange rate and interest rate risks.

Risk management is overseen by the Company's finance department. This department identifies, assesses, and hedges financial risks in collaboration with the Group's operating units.

18. Other Information

18.1 Workforce Structure

The breakdown of the Company's employees by category is as follows:

	Number of employees at the end of the fiscal year by category and gender			Average number of people with disabilities > 33% of the total employed during the fiscal year
	Men	Women	Total	
Fiscal Year 2025				
Executives	8	1	9	-
Middle management	11	5	16	-
Technical staff	42	16	58	1
	61	**22**	**83**	**1**
Fiscal Year 2024				
Executives	8	2	10	-
Middle management	15	8	23	-
Technical staff	59	13	72	1
	82	**23**	**105**	**1**

The breakdown of the average number of employees of the Company by category is as follows:

	Average number of employees during the fiscal year by category and gender			Average number of employees with disabilities > 33% of the total workforce
	Men	Women	Total	
Fiscal Year 2025				
Executives	8	1	9	-
Middle management	14	6	20	-
Technical staff	51	18	69	1
	73	**26**	**98**	**1**
Fiscal Year 2024				
Executives	7	2	9	-
Middle management	15	9	24	-
Technical staff	58	12	70	1
	80	**23**	**103**	**1**

As of December 31, 2025 and 2024, the Board of Directors consisted of 6 members, 5 men and 1 woman.

18.2 Audit fees

The fees accrued during the fiscal year for services rendered by the auditor and its network were as follows:

(Thousands of euros)	2025	2024
Audit services for individual financial statements	49	49
Other services	18	6
Other services provided by the network	55	37
	122	**92**

18.3 Environmental Information

The Company takes into account laws relating to environmental protection ("environmental laws") in its global operations and believes that it substantially complies with such laws and maintains procedures designed to promote and ensure compliance.

During fiscal years 2025 and 2024, the Company did not make any environmental investments nor incur any expenses for the protection and improvement of the environment; furthermore, it was not deemed necessary to record any provision for environmental risks and expenses, as there were no contingencies related to environmental protection and improvement, nor any environmental liabilities.

The Company's Directors believe that there are no significant contingencies relating to the protection and improvement of the environment; therefore, they do not consider it necessary to record any provision in this regard.

18.4 Information on the average payment period to suppliers. Third Additional Provision. "Duty to Disclose" under Law 15/2010 of July 5

The information regarding the average payment period to suppliers for approved invoices is as follows:

	2025	2024
(Days)		
Average payment period to suppliers	57	53
Ratio of paid transactions	51	52
Ratio of transactions pending payment	58	58
(Thousands of euros)		
Total payments made	17,091	10,448
Total outstanding payments	3,104	1,631
Monetary value of invoices paid within a period shorter than the maximum established in the late payment regulations	16.237	10.135
Percentage of payments below that maximum relative to total payments made	95%	97%
(Number of invoices)		
Invoices paid within a period shorter than the maximum established in the late payment regulations	1,487	2,194
Percentage of total invoices	93%	94

18.5 Bank guarantees

The Company has contingent liabilities arising from bank guarantees and other guarantees related to the normal course of business amounting to 301,393 thousand euros as of December 31, 2025 (561,633 thousand euros as of December 31, 2024). The Company does not anticipate that a significant liability will arise as a result of the aforementioned guarantees.

19. Subsequent Events

From December 31, 2025, to the date of preparation of these financial statements, no subsequent events have occurred that could have a significant impact on the financial statements or the notes to the financial statements.



Solaria Energía y Medio Ambiente, S.A.

Management Report for the 2025 Fiscal Year

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1. Status and changes in the group's composition

Solaria Energía y Medio Ambiente, S.A. (hereinafter Solaria or the Company) was incorporated on November 27, 2002, for an indefinite period. As of December 31, 2025, Solaria is the parent company of a Group comprising 115 companies (105 companies as of December 31, 2024), virtually all of which are wholly owned, directly or indirectly, by the Company.

The companies comprising said Group as of December 31, 2025, and their ownership interests are as follows:

Wholly-owned subsidiaries:

Planta Solar Puertollano 4, S.L.U., Planta Solar Puertollano 8, S.L., Solaria Promoción y Desarrollo Fotovoltaico, S.L., Solaria Ingeniería y Construcción Fotovoltaica, S.L., Solaria Energía Generación Renovable, S.L.U., Solaria Data Center, S.L., and Solaria Representación en Mercado, S.L.

Indirectly wholly-owned subsidiaries:

Globasol Villanueva 1, S.A.U., Magacela Solar 1, S.A.U., Planta Solar Puertollano 6, S.A.U., Solaria Casiopea S.A.U., CFV Triangulum Australe, S.A.U., Guleve Investments, S.L., Lerapa Investments S.L., Planta FV100, S.L., Planta FV101, S.L., Planta FV102, S.L., Planta FV104, S.L., Planta FV 3, S.L., Puertollano 10 Solar Plant, S.L., Via Láctea Fotovoltaica, S.A.U., FV107 Plant, S.L., FV103 Plant, S.L., FV114 Plant, S.L., FV116 Plant, S.L., Andrómeda Fotovoltaica, S.L., Planta FV113, S.L., Planta FV115, S.L., Planta FV126, S.L., Corona Borealis Fotovoltaica, S.L., FV105 Plant, LLC, FV106 Plant, LLC, FV109 Plant, LLC, FV119 Plant, LLC, FV120 Plant, LLC, FV125 Plant, LLC, FV137 Plant, LLC, Kraken Solar, LLC, FV124 Plant, LLC, FV154 Plant, LLC, FV155 Plant, LLC, Adhara Solar, LLC, FV144 Plant, LLC, FV145 Plant, LLC, FV146 Plant, LLC, FV147 Plant, LLC, Plant FV148, S.L., Plant FV149, S.L., Plant FV150, S.L., Plant FV151, S.L., Plant FV152, S.L., Plant FV153, S.L., Plant FV156, S.L., Plant FV108,
L.L.B., Planta FV110, L.L.B., Planta FV112, L.L.B., Planta FV118, L.L.B., Solaria Energía Inversiones, L.L.B. (formerly Planta FV143, L.L.B.), Planta FV117, L.L.B., Planta FV121, L.L.B., Planta FV122, S.L., Planta FV123, S.L., Planta FV127, S.L., Planta FV128, S.L., Planta FV129, S.L., Planta FV130, S.L., Planta FV132,
LLC, Plant FV135, LLC, Plant FV139, LLC, Plant FV140, LLC, Indus Solar Fotovoltaica, LLC, Hydra Solar Fotovoltaica, S.L., FV133 Plant, S.L., FV134 Plant, S.L., FV136 Plant, S.L., FV111 Plant, S.L., Serpens Solar S.L., FV Europa Plant, S.L., Planta FV Calisto, LLC, Planta FV Maira Alpha, LLC, Planta FV Maira Beta, LLC, Planta FV Maira Gamma, LLC, Planta FV Maira Delta, LLC, Planta FV Marte Solar, LLC, Solaria Eguzki Sorkunza, LLC, Solaria Eraikuntxa, S.L., Solaria Deutschland GmbH, Sagitta Solar, S.L., Marche Energia, S.r.l., Sardegna Agrienergia Uno, S.r.l., Serre UTA, S.r.l., Ollastra Energia, S.r.l., Solaria Lyra, S.r.l., Solaria Italia Services, S.r.l., Solaria Promozione e Sviluppo, S.r.l., Natelu, S.A., Yarnel, S.A., Solaria Energia Renováveis Portugal, Lda, Prodigy Orbit, Lda, Radian Jupiter, Lda, Solaria Ingeniería y Construcción Fotovoltaica, S.L. – EM Portugal Branch, Elassona Solar Energiaki, L.L.C.

Indirectly owned 75% subsidiary: Indarberri, S.L.

2. Key highlights

Data centers

On February 13, 2025, Solaria announced that it had received confirmation from Red Eléctrica de España regarding the feasibility of accessing and connecting 213 MW of power for the supply of a data center in southern Madrid.

Data centers

On February 25, 2025, Solaria announced that it had received confirmation from Red Eléctrica de España regarding the feasibility of accessing and connecting 225 MW of demand to supply a data center (DC) in the Basque Country.

Data centers

On March 17, 2025, Solaria announced that it had received confirmation from Red Eléctrica de España regarding the feasibility of access and connection for 130 MW of demand to supply a data center (DC) in the Community of Madrid.

Data centers

On March 18, 2025, Solaria announced that it has received confirmation from Red Eléctrica de España regarding the feasibility of access and connection for 225 MW of demand to supply a data center (DC) in the Basque Country, bringing the total to 450 MW.

PPA

On April 24, 2025, Solaria announced that it has entered into a 10-year power purchase agreement (PPA) for 1 TWh of energy with Trafigura, linked to a 50 MW project in Spain.

Storage

On April 28, 2025, Solaria announced that it has finalized the purchase of 260 MWh for battery energy storage systems (BESS), for an approximate amount of 20 million euros. These batteries will be located in Spain.

The company currently has 2.8 GW of BESS projects in the pipeline in Italy

and Spain. Data centers

On May 20, 2025, Solaria announced that it had received confirmation from Red Eléctrica de España regarding the feasibility of accessing and connecting 250 MW of demand to supply a data center in central Spain.

Financing

On May 26, 2025, Solaria announced that it has reached a preliminary agreement with Banco Sabadell for the long-term financing of 175 MW of photovoltaic plants in Spain. The financing is structured as a syndicated project finance facility for an amount of up to €93.5 million.

Treasury Stock

On June 3, 2025, Solaria announced that, in accordance with the authorization granted by the general shareholders' meeting of June 30, 2022, under item 8 of the agenda, the Company's board of directors agreed on May 8, 2025, to proceed with the repurchase of treasury shares. The repurchase will have the following characteristics:
1) Purpose: To purchase Solaria shares as part of various corporate actions.
2) Size: The number of shares to be acquired shall not exceed 12.495 million, representing 10% of Solaria's share capital.

Batteries

On September 3, 2025, Solaria announced that it has purchased 1,102 MWh of batteries to be installed in six projects in Spain. This equipment will be operated using automated energy management software based on AI tools.

The batteries will come online progressively starting this coming December. The total investment

amounts to more than 80 million euros.

Appointments

On September 25, 2025, Solaria's Board of Directors agreed to appoint Mr. Felipe Morenés Botín-Sanz de Sautuola as a shareholder representative on the Company's Board.
Likewise, the Board of Directors, with a favorable report from the Appointments and Remuneration Committee, has agreed to appoint Mr. Javier Monzón Sánchez as non-director secretary of the Board.

Batteries

On October 2, 2025, Solaria announced that it had obtained a favorable environmental impact statement (EIS) for the installation of 780 MWh of batteries within the Garoña photovoltaic complex (710 MW). The two facilities—photovoltaic and batteries—will begin operations simultaneously.

Italy

On November 5, 2025, Solaria announced that it has obtained a favorable environmental impact statement (EIS) for its 150 MW Garaguso project in Italy. The company expects to close the year with approximately 1 GW of environmentally approved capacity in the country.

Batteries

On November 13, 2025, Solaria announced that it has obtained favorable environmental impact statements (EIS) for the installation of 908 MWh of batteries at 11 photovoltaic plants located in Castilla-La Mancha and Castilla y León (Spain).

PPA

On November 17, 2025, Solaria announced that it has entered into a 10-year power purchase agreement (PPA) with Repsol for 150 MW of solar power for a hydrogen project.

PPA

On November 17, 2025, Solaria announced that it has entered into a 10-year power purchase agreement (PPA) with Repsol for 180 MW of wind power for a hydrogen project.

Batteries

On November 17, 2025, Solaria announced that it has signed an agreement with Stoneshield Capital to create a new joint venture, Gravyx, specializing in standalone batteries. The objective of this new Europe-wide joint venture is the large-scale development, construction, and operation of standalone batteries.

Gravyx has a portfolio of 14 GWh, of which 5.6 GWh already have grid connection permits. The projects are located in Europe, primarily in Germany and Italy. The agreement provides for a minimum investment of 200 million euros by Stoneshield Capital.

Germany

On November 17, 2025, Solaria announced that it has received the necessary authorizations to begin construction of 200 MW of photovoltaic capacity in Germany.

PPA

On November 17, 2025, Solaria announced that it has entered into a 15-year power purchase agreement (PPA) with Merlin Properties for 445 MWp of photovoltaic capacity to supply its data centers in Spain.

Data Centers

On November 17, 2025, Solaria announced that it has entered into an agreement with Merlin Properties to provide access to and connection of 225 MW of power and the construction of the associated electrical infrastructure for its data centers in Spain.

Italy

On January 28, 2025, Solaria announced that it has obtained a favorable environmental impact statement (EIS) for its 81 MW Palermo I project in Italy. The company expects to begin construction of this plant before the end of the year so that it can begin operations in 2027.

3. Financial Information

3.1 Income Statement

With regard to the financial statements presented in the annual financial statements attached to this management report, the key figures from the income statement are detailed below.

Regarding revenue, as of December 31, 2025, the Company reported cumulative net sales of 227,788 thousand euros, pre-tax profit of 200,671 thousand euros, and net income for the year of 180,125 thousand euros. The breakdown of sales for the fiscal years 2025 and 2024 is as follows:

	2025	2024
Sales of inventory	119,591	177,515
Project development services	67,500	-
Operating and maintenance revenue	1,055	4,188
Group management services	39,302	18,146
Leases and other services	340	609
Total	227,788	199,849

The increase in revenue compared to the previous fiscal year is primarily due, among other factors, to the progress made in the construction of photovoltaic projects that were transferred by the Company to various Group companies during 2025 in line with the business plan.

Regarding the Company's financial results, for the 2025 fiscal year, it reports a net loss of 7,820 thousand euros.

3.2 Balance Sheet

Regarding balance sheet items, the value of inventory increased compared to 2024 due to the sale of new projects located in Spain to special-purpose vehicles that will be responsible for their development and construction.

Regarding liabilities, it should be noted that the Company has issued promissory notes totaling 79 million euros during the current fiscal year.

4. Key Perceived Risks

4.1. Market risk

The main market risk to which the Company is exposed is the significant market concentration of its investee companies in the Iberian market. To mitigate this risk, expansion into new geographic areas is planned.

As explained in the outlook section, management will focus in the coming fiscal years on developing projects in locations outside Spain, specifically in Italy, the United Kingdom, and Germany, where it already has a presence with local teams and initial projects.

Geographic diversification will allow the Company to reduce not only market risk but also the regulatory risk inherent to the sector itself.

4.2. Development Risk

Project development involves a regulatory approval process by public authorities where timelines and outcomes cannot always be controlled by the Company, as these depend on actions by third parties over whom the Company has no control. However, the Company has extensive experience in such processes, which has resulted in the successful completion of a significant number of projects in various locations.

4.3. Liquidity risk

The Company ensures its solvency and has sufficient cash flow and financing to meet all its obligations.

4.4. Capital Management

There are capital management objectives focused on safeguarding sustainable growth, providing an adequate return to shareholders, and maintaining an optimized capital structure.

The Company is not subject to rigid capital management criteria and, given its financial strength, is able to adopt the most appropriate solution for optimal management at any given time.

The activities of the companies in which the Company holds an interest are exposed to various financial risks: market risk (including exchange rate risk, price risk, and interest rate risk), credit risk, and liquidity risk. The global risk management program focuses on the uncertainty of financial markets and seeks to minimize potential adverse effects on the Group's financial performance, for which it uses derivatives to hedge price and interest rate risks.

Risk management is overseen by the finance department. This department identifies, assesses, and hedges financial risks in collaboration with the operating units of the Group of which it is the Parent Company.

4.5. Risks related to financial instruments

Market risk

a) Foreign exchange risk

The Company operates internationally and is therefore exposed to foreign exchange risks arising from transactions in foreign currencies, particularly the U.S. dollar. Foreign exchange risk arises primarily from distributions from subsidiaries, and this risk is largely minimized by operating in the same currency.

The currency other than the euro in which the Company primarily operates is the U.S. dollar; no such transactions occurred during the fiscal year.

b) Price risk

The Company is exposed to market price risk for raw materials. Management manages this risk by taking into account market conditions at the time the transaction is made, through the signing of fixed-price contracts for materials and services.

c) Interest rate risk on cash flows

Since the Company does not hold significant interest-bearing assets, revenue and cash flows from operating activities are largely independent of changes in market interest rates.

The Company manages cash flow interest rate risk when the terms of the agreement so warrant, through variable-to-fixed interest rate swaps. These interest rate swaps have the economic effect of converting debt with variable interest rates into fixed interest rates.

d) Credit risk

Credit risk arises from cash and cash equivalents, derivative financial instruments, and deposits with banks and financial institutions. Transactions are conducted only with entities of high credit quality, taking into account past experience and other factors. In cases where an independent credit rating of customers has not been obtained, the finance department assesses credit quality, taking into account the customer's financial position, past experience, and other factors.

e) Liquidity risk

Prudent liquidity risk management involves maintaining sufficient cash and marketable securities, ensuring access to financing through a sufficient amount of committed credit facilities, and having the ability to close out market positions. Given the dynamic nature of the underlying businesses, the Company's finance department aims to maintain flexibility in financing through the availability of committed credit lines.

Management monitors the Company's liquidity reserve forecasts based on expected cash flows.

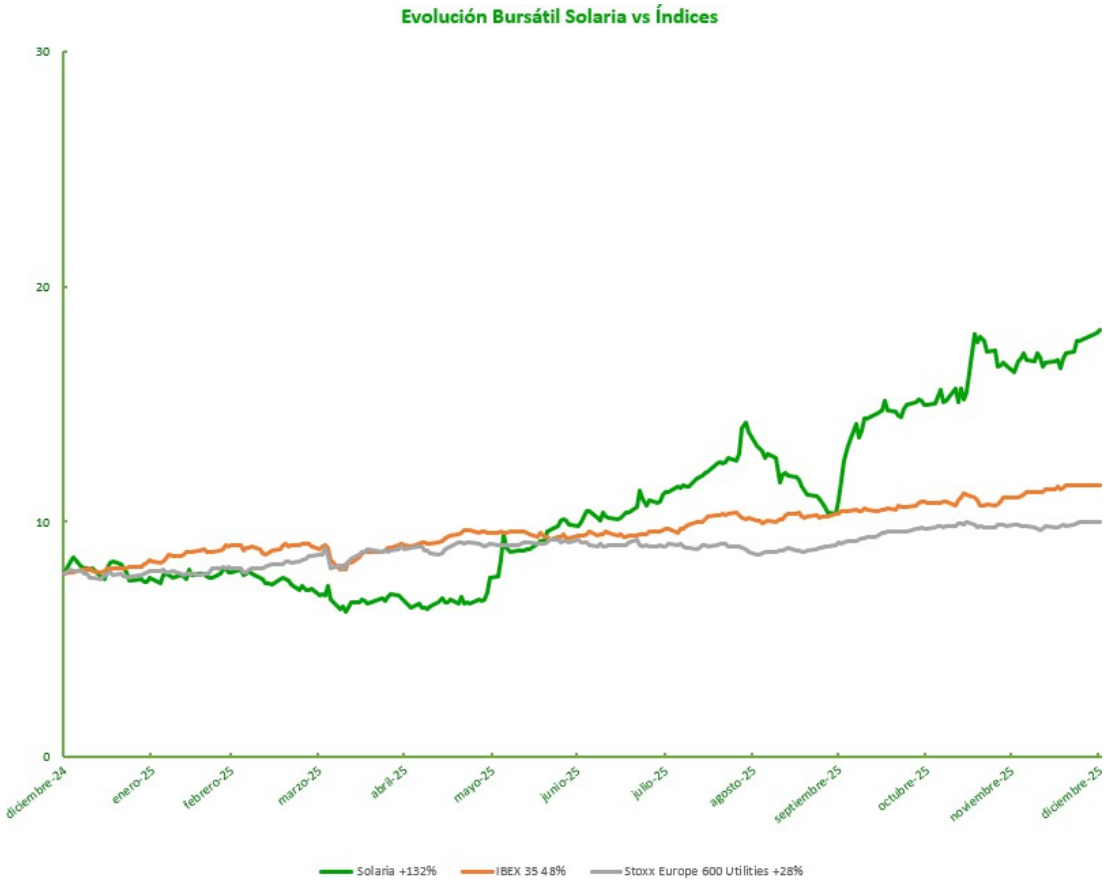
5. Average payment period to suppliers

See Note 17.1 of the notes to the financial statements for fiscal year 2025.

6. Subsequent events

From December 31, 2025, to the date of preparation of these annual financial statements, no subsequent events have occurred that could have a significant impact on the financial statements or the notes thereto.

7. r stock market performance



Preparation of the 2025 Annual Financial Statements and Management Report

The Board of Directors of SOLARIA ENERGIA Y MEDIO AMBIENTE, S.A., on February 25, 2026, and in compliance with the requirements established in Article 253 of the Capital Companies Act and Article 37 of the Commercial Code, hereby prepares the Annual Financial Statements and the Management Report for the fiscal year ended December 31, 2025, which consist of the attached documents preceding this document

SIGNATORIES

Mr. Enrique Díaz-Tejeiro Gutiérrez
Chairman of the Board

Mr. Manuel Azpilicueta Ferrer
Director

Mr. Carlos Francisco Abad Rico
Director

Mr. Felipe Morenés Botín-Sanz
Director

Mr. Arturo Díaz-Tejeiro Larrañaga
Director

Ms. María Dolores Larrañaga Horna
Director

Solaria