REPORT DELIVERED BY GRENERGY RENOVABLES, S.A.'S BOARD OF DIRECTORS IN CONNECTION WITH ITEM 14 OF THE AGENDA OF THE GENERAL MEETING OF SHAREHOLDERS TO BE HELD ON FIRST CALL ON 29 JUNE 2021, PROPOSING THAT AN AUTHORISATION BE GIVEN TO THE BOARD OF DIRECTORS TO INCREASE THE SHARE CAPITAL IN ACCORDANCE WITH THE PROVISIONS OF SECTION 297.1 B) OF THE JOINT STOCK COMPANIES ACT ("LSC"), WITH THE POWER TO EXCLUDE THE PRE-EMPTIVE SUBSCRIPTION RIGHT PURSUANT TO SECTION 506 OF THE JOINT STOCK COMPANIES ACT, WITH A MAXIMUM LIMIT OF 20% OF THE SHARE CAPITAL.

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1. Purpose of the report

The Board of Directors of Grenergy Renovables, S.A. (hereinafter, the "Company") at its meeting held on 26 May 2021, and in compliance with the provisions of sections 286, 296.1, 297.1.b) and 506 of the Joint Stock Companies (Consolidated) Act (the "LSC"), has drawn up the following report justifying the proposal to authorise the Board of Directors to agree on an increase in share capital in accordance with section 297. 1 b) of the LSC, on one or more occasions, to a maximum amount equal to half the existing capital at the time of authorisation, within a period of five years as from the date of the agreement of the General Meeting. The authorisation includes the power to exclude pre-emptive subscription rights over the issue of new shares, up to a limit of 20% of the share capital at the time of authorisation, and this report is therefore also issued pursuant to section 506 of the LSC.

The purpose of this report is to justify the proposed delegation of such power.

2. Justification of the proposal.

Section 297.1 b) of the LSC provides that the general meeting of shareholders, subject to the requirements laid down for amending the By-Laws, may delegate to the directors the power to decide, on one or more occasions, to increase the share capital up to a specific amount at the time and by the amount they deem appropriate, without prior consultation of the general meeting. Such increases may in no case exceed half of the company's share capital at the time of authorisation and must be made by means of cash contributions within a maximum term of five years as from the date of the agreement of the general meeting. By virtue of this delegation, the directors are empowered to redraft the article in the By-Laws relating to share capital, once the increase has been agreed and implemented. Section 286 of the LSC, to which Section 297. 1 b) of the LSC refers, stipulates that the directors must draw up a written report justifying the proposal.

The demands that the market places on commercial companies, and especially on listed companies, require their governing and administrative bodies to be in a position to make use of the possibilities offered by the corporate regulatory framework to respond quickly and efficiently to the needs arising in the business world that large companies currently operate in. However, it is often impossible to anticipate in advance what the company's capital needs will be and to predict the delays and increased costs that may result from the natural recourse to the general meeting of shareholders to increase capital, making it difficult for the company to respond with the efficiency and agility the market requires.

As a consequence of the above, it is considered that the activity and the proper management of the Company's corporate interest make it advisable for the Board of Directors to be able to increase the share capital and provide the Company with new equity without the delays and costs involved in holding a General Meeting of Shareholders.

The General Meeting held on 29 June 2020 adopted a decision to authorise the Board to increase capital on similar terms. Using this authority on 17 March 2021, the Board of Directors resolved to increase the Company's share capital by 1,267,241.50 euros, issuing 3,620,690 shares and excluding pre-emptive subscription rights. Although the authorisation approved at the AGM would leave 8,532,420 shares with pre-emptive subscription rights and 1,240,554 shares without pre-emptive subscription rights, it is considered that in the current scenario of the Company's growth, the capacity to issue shares excluding pre-emptive subscription rights (necessary in scenarios of share volatility) might be insufficient. It is therefore considered necessary to renew the delegation to increase the share capital.

In fact, section 506 of the LSC provides that, in the case of listed companies, when the general meeting delegates to the directors the power to increase the share capital, it may also grant them the power to exclude pre-emptive subscription rights in relation to the share issues that are the subject of the delegation if the interests of the company so require. Notice convening the general meeting that contains the proposal to delegate the power to increase the share capital to the directors must also expressly state the proposal to exclude pre-emptive subscription rights. A report by the directors justifying the proposal to delegate this power shall be made available to the shareholders as from the time the general meeting is called.

The Board of Directors deems it advisable for the Company to continue to have this legal possibility to raise funds, reinforced in this case by the power to exclude pre-emptive subscription rights. The proposal therefore provides for the delegation of the power to exclude pre-emptive subscription rights when the interests of the Company so require, although up to a maximum nominal overall amount equal to 20% of the share capital at the date of adopting the agreement, as established in section 506 of the Joint Stock Companies Act and recommendation 5 of the Code of Good Governance for Listed Companies. Such delegation is justified in order to provide the aforementioned agility to resolutions aimed at increasing share capital. The Board of Directors considers that this additional possibility, which considerably increases the room for manoeuvre and capacity to respond offered by simple delegation of the power to increase capital in accordance with section 297.1 b) of the LSC, is justified by the flexibility and agility with which it is sometimes necessary to act in the current financial markets in order to take advantage of times when market conditions are more favourable. The exclusion of pre-emptive subscription rights helps reduce transaction costs and obtain better financial conditions in the Company's interest.

Furthermore, the exclusion of pre-emptive subscription rights offers clear advantages:

(i) lesser distortion effect on trading the Company's shares during the issue period, which is typically shorter than in an issue with rights; and

(ii) adaptation of the transaction to potential international markets or accelerated bookbuilding techniques.

In any event, it should be noted that the proposed resolution does not by itself imply an increase in share capital. It is a power conferred to the Board of Directors by the General Meeting, and the Board of Directors itself shall decide whether or not to exercise it, in all cases in the best interests of the Company and considering the circumstances prevailing at any given time, always in accordance with the provisions of the applicable legal regulations. In the event that the Board of Directors decides to make use of the power to exclude pre-emptive subscription rights in relation to a specific capital increase that it may resolve to make use of the authorisation granted by the General Meeting of Shareholders, a report by the directors and, in certain cases, a report by the auditor must be drawn up, which shall be made available to the shareholders on the Company's corporate website and reported to the first General Meeting of Shareholders to be held after adopting the decision to increase capital.

Furthermore, the proposal envisages the application for admission to trading on regulated markets of the shares issued by the Company by virtue of such delegation, empowering the Board of Directors to undertake the necessary formalities and actions for admission to trading before the competent bodies.

Finally, it is proposed to expressly empower the Board of Directors so that, in turn, it may delegate the powers referred to in this proposed resolution and the previous authorisation to increase the share capital approved at the Ordinary General Meeting of Shareholders held on 20 June 2020 is hereby rendered null and void.

<u>3. Proposed resolution</u>

Accordingly, it is proposed that the General Meeting of Shareholders adopt the following resolution:

> *To authorise the Board of Directors to increase the share capital (currently standing at 9,774,418.85 euros), on one or more occasions, under the terms and within the limits set forth in sections 297.1. b) and 506 of Royal Legislative Decree 1/2010, of 2 July, approving the Joint Stock Companies (Consolidated) Act, within a period of five (5) years as from the date of adopting this resolution and up to half the current share capital, with any increases agreed in exercising this authorisation and any that may be agreed pursuant to other authorisations that the General Meeting has granted or may grant to the Board of Directors considered jointly for the purposes of this limit.*
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> *Share capital increases made pursuant to this authorisation shall be implemented through the issue and flotation of new shares, with or without premium, and by cash contributions. The Board of Directors may determine, in all matters not provided for, the terms and conditions of the share capital increases and the characteristics of the shares, and freely offer the new unsubscribed shares within the period or periods for exercising pre-emptive subscription rights. The Board of Directors may also provide that, in the event of incomplete subscription, the share capital shall be increased only by the amount of subscriptions made and may redraft the article in the By-Laws relating to share capital.*
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> *As regards share capital increases carried out under this authorisation, the Board of Directors is expressly authorised to exclude, wholly or partly, pre-emptive subscription rights under the terms of section 506 of the Joint Stock Companies Act. This power is limited to the extent that any exclusion of pre-emptive subscription rights that may be agreed by the Board of Directors in the exercise thereof or of other delegations agreed or*

which may be agreed by the General Meeting does not exceed, as a whole, 20% of the Company's current share capital.

The Company shall apply, where appropriate, for admission to trading on secondary markets for the shares issued by virtue of this authorisation, empowering the Board of Directors to carry out the necessary formalities and actions for admission to trading before the competent bodies of the various domestic or foreign securities markets.

The Board of Directors is expressly authorised to delegate the powers referred to in this resolution.

This authorisation revokes the authorisation to increase capital granted by the Ordinary General Meeting of 29 June 2020.

And for all legal purposes, it is hereby stated for the record that the Board of Directors of the Company drew up this report at its meeting held on 26 May 2021.