REPORT DRAWN UP BY GRENERGY RENOVABLES S.A.'S BOARD OF DIRECTORS IN CONNECTION WITH ITEM NUMBER NINE ON THE AGENDA FOR THE GENERAL MEETING OF SHAREHOLDERS CONVENED ON FIRST CALL FOR 29 JUNE 2020, CONTAINING A PROPOSAL TO AUTHORISE THE BOARD OF DIRECTORS TO INCREASE THE SHARE CAPITAL PURSUANT TO THE PROVISIONS OF SECTION 297.1 B) OF SPAIN'S JOINT STOCK COMPANIES ACT *(LEY DE SOCIEDADES DE CAPITAL),* WITH THE POWER TO EXCLUDE THE PREFERENTIAL SUBSCRIPTION RIGHT IN ACCORDANCE WITH SECTION 506 OF THE JOINT STOCK COMPANIES ACT, WITH A MAXIMUM LIMIT EQUAL TO 20% OF THE SHARE CAPITAL.

1. Purpose of this Report

The Board of Directors of Grenergy Renovables, S.A. (hereinafter referred to as the **"Company**"), at its meeting held on 14 May 2020, and in compliance with the provisions of sections 286 and 506 of Spain's Joint Stock Companies (Consolidated) Act ("JSCA"), has issued the following report in support of the proposal to authorise the Board of Directors to increase the Company's share capital pursuant to section 297.1 b) of JSCA, in one or more times, by a maximum amount equal to half of the share capital existing at the time of the authorisation, within the five-year period following the General Meeting's resolution. The authorisation includes the power to exclude the preferential subscription right when the new shares are issued, with a maximum limit equal to 20% of the share capital at the time of the authorisation. Therefore, this report is also issued for the purposes of section 506 of JSCA.

The purpose of this report is to substantiate the proposal to delegate this power.

2. Justification of the proposal.

According to section 297.1 b) of JSCA, the General Meeting of Shareholders, complying with the same requirements established for amending the By-laws, may delegate to the directors the authority to agree, in one or several times, on a capital increase up to a specific sum, at such times and in such amounts as they may deem expedient, without prior consultation with the General Meeting. These increases shall not exceed, in any event, the amount of half of the share capital at the time of the authorisation and shall be carried out by means of cash contributions within the five-year period following the date of the General Meeting's resolution. By virtue of this delegation, the directors shall be entitled to amend the section of the By-laws concerning the share capital, once the increase has been agreed upon and implemented. According to section 286 of JSCA, to which section 297. 1 b) of JSCA refers, directors are required to draw up a written report in support of the proposal.

The obligations imposed by the market on commercial companies, and more particularly on listed companies, require their administration and management bodies to be in a position to use the possibilities offered to them by the Company's regulatory framework to provide a swift, efficient answer to the needs resulting from the ordinary course of business in which major corporations are currently involved. However, it is often impossible to anticipate the future needs of the Company in terms of capital allocation and to forecast the delays and cost increases that may result from an ordinary proposal to the General Meeting to increase the share capital, which makes it difficult for the Company to react as efficiently and quickly as required by the market.

As a result of the above, the Board of Directors finds that the activity and the proper management of the Company's corporate interest make it advisable for the Board of Directors to increase the share capital and to provide the Company with new shareholders' equity as shortly possible, thus avoiding the delays and expenses of a General Meeting of Shareholders.

The Company, at the General Meeting held on 22 June 2018, passed a resolution authorising the Board of Directors to increase the share capital under similar conditions. However, that authorisation did not contemplate the possibility of excluding the preferential subscription right, for the simple reason that, at that time, it was not possible to grant this power to the Board of Directors, as this power may only be granted, pursuant to section 506 of the Act, to the Board of Directors of a listed company. Grenergy Renovables S.A. was still a private company at that time.

More specifically, according to section 506 of JSCA, whenever the general meeting of shareholders of a listed company agrees to delegate to its directors the power to increase its share capital, it may also give them the power to exclude the preferential subscription right in respect of any issue of shares covered by this delegation, if so required by the company's interests. The notice to convene the general meeting containing the proposal to delegate to the administrators the power to increase the company's share capital should also expressly state the proposal to exclude the preferential subscription right. As from the date of the notice to convene the general meeting, the Company is required to make available to shareholders a directors' report supporting the proposal to delegate this power.

The Board of Directors finds it expedient that the Company may continue to rely on this legal option to raise funds, reinforced in this case by the power to exclude the preferential subscription right. This is why the proposal contemplates the delegation of the power to exclude the preferential subscription right whenever required by the Company's interests, without exceeding, however, an aggregate par value equal to 20% of the share capital as of the date of the resolution, as set forth by Recommendation no. 5 of the Code of Good Governance for Listed Companies. The reason for this delegation, as mentioned above, is to speed up the adoption of resolutions aimed at increasing the share capital. The Board of Directors finds that this additional possibility, which provides significantly greater margin for manoeuvre and improves the response capacity offered by the simple delegation of the power to increase the capital pursuant to section 297.1 b) of JSCA, is justified by the frequent need to react flexibly and swiftly on today's financial markets and make the most of the opportunities they offer in times of favourable conditions. The exclusion of the preferential subscription right contributes to reducing the costs of the operation and obtaining better financial conditions, thus promoting the best interest of the Company.

In any event, it should be highlighted this proposal for resolution does not amount in itself to a share capital increase. This is a power that is granted by the General Meeting to the Board of Directors, and the exercise thereof solely depends on the decision of the Board itself, which may make use of this right, in any event, taking into account the Company's interests and the specific circumstances of every particular situation, and always in accordance with the legal provisions applicable. Should the Board of Directors decide to make use of the power to exclude such preferential subscription right in respect of a specific capital increase by virtue of the authority granted to the Board by the General Meeting of Shareholders, it will be necessary to draw up the directors' report and the audit report, as required by section 308 of

JSCA, and to make both reports available to shareholders through the Company's corporate website. In addition, they must be submitted to the first General Meeting of Shareholders to be held after the adoption of the capital increase resolution.

Furthermore, the proposal contemplates the application, when appropriate, for admission of the shares to be issued by the Company under this delegation for trading on secondary markets, with the Board of Directors being empowered to make such arrangements and complete such formalities as may be required with the relevant authorities to have the shares admitted to trading.

Finally, a proposal is made to expressly authorise the Board of Directors to in turn delegate the powers referred to in this proposal for resolution, and the previous authorisation given to increase the share capital, as approved at the General Meeting of Shareholders held on 22 June 2018, is hereby declared null and void.

3. Proposal for resolution

Consequently, the adoption of the following resolution is proposed to the General Meeting:

> *"To authorise the Board of Directors to increase the share capital (currently fixed at EUR 8,507,177.35), in one or several times, in such terms and with such limits as are 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 the period of five (5) years following the date of adoption of this resolution, and by an amount not exceeding half of the current share capital, with this maximum amount comprising both the increases to be agreed upon under this authority and such additional increases as may be agreed upon under any other authorisations that the General Meeting may have granted, or could grant in the future, to the Board of Directors.*
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> *Any capital increases to be carried out under this authority shall be made by issuing and putting into circulation new shares, with or without a premium, and out of cash contributions. The Board of Directors may fix, in respect of all matters not provided for in the resolution, the terms and conditions of such share capital increases and the characteristics of the shares, as well as freely offer any unsubscribed shares with the term or terms during which the preferential subscription right may be exercised. The Board of Directors may also decide that, in the event of an incomplete subscription, the share capital shall be increased solely by the amount of the shares actually subscribed for, and accordingly amend the section of the By-laws concerning the share capital.*
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> *In connection with the share capital increases to be carried out under this authority, the Board of Directors is expressly empowered to exclude, in whole or in part, the preferential subscription right in accordance with the provisions of section 506 of the Joint Stock Companies Act. This power is limited to the extent that any exclusions of the preferential subscription right as may be agreed upon by the Board of Directors under this delegation, or under any another delegation already granted, or to be granted in the future, by the General Meeting shall not exceed, in the aggregate, an amount equal to 20% of the Company's current share capital.*
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> *When appropriate, the Company shall file an application for admission of the shares to be issued by the Company under this delegation for trading on secondary markets, with the Board of Directors being empowered to make such arrangements and complete*

such formalities as may be required with the relevant authorities to have the shares admitted to trading on domestic or foreign stock exchanges.

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

This authorisation entails the revocation of the authorisation to increase the share capital given by the Ordinary General Meeting held on 22 June 2018."

In witness whereof, the Board of Directors of the Company issued this report at the meeting it held on 14 May 2020.

The Secretary of the Board of Directors

Florentino Vivancos Gasset
Grenergy Renovables, S.A.