



**REPORT OF THE BOARD OF DIRECTORS OF ENERGÍA, INNOVACIÓN Y DESARROLLO FOTOVOLTAICO, S.A. IN RELATION TO THE CAPITAL INCREASE DERIVED FROM THE CONVERSION INTO SHARES OF THE CONVERTIBLE PARTICIPATING LOANS, EXCLUDING THE PREEMPTIVE SUBSCRIPTION RIGHT.**

May 29, 2024

## 1. INTRODUCTION AND PURPOSE OF THE REPORT

This report is prepared by the Board of Directors of Energía, Innovación y Desarrollo Fotovoltaico, S.A. ("EiDF" or the "Company") in relation to the capital increase derived from the conversion into shares of the convertible participating loans subscribed by the Company for a total nominal amount of 39.39,047,695 euros (the "Convertible Loans"), excluding the pre-emptive subscription right, all under the delegation granted to the Board of Directors, under item four of the Agenda, by the Extraordinary General Shareholders' Meeting of the Company held on September 9, 2022.

En este sentido In this regard, in accordance with the provisions of Articles 286, 414.2, 417, 510 and 511 of the revised text of the Capital Companies Law, approved by Royal Legislative Decree 1/2010, of July 2 (the "**Capital Companies Law**") and concordant provisions of the Mercantile Registry Regulations, approved by Royal Decree 1784/1996, of July 19 (the "Mercantile Registry Regulations"), the aforementioned subscription resolution requires the preparation by the Board of Directors of this supporting report.

## 2. REPORT OF THE BOARD OF DIRECTORS FOR THE PURPOSES OF ARTICLE 286 OF THE CAPITAL COMPANIES LAW.

The capital increase by conversion into shares of the Convertible Participating Loans which is the subject of this report is part of the refinancing agreement reached between the Company and PROSOL ENERGÍA S.L., LAURION FINANCIAL ENTERPRISES S.A.R.L., MASS INVESTMENT ARK 2021, S.L., Mr. Guillermo Romero Pla, Mr. Sergio Romero Pla, Mr. José Ignacio Romero García, Mr. José Ignacio Romero García, Mr. Luis Fernando Romero García and Club RG 14, S.L. (the "Investors"), Mr. Guillermo Romero Pla, Mr. Sergio Romero Pla, Mr. José Ignacio Romero García, Mr. Luis Fernando Romero García and Club RG 14, S.L. (the "Investors"), whereby the latter have exercised their conversion right, so that the funds contributed through the convertible participating loans become part of the Company's equity, eliminating the financial debt and reinforcing the Company's equity, up to a total amount of 39,047,695 euros (**the "Transaction"**).

The amounts contributed enable the Company to strengthen its equity and reduce its financial debt, which is considered very positive in the current context of financial uncertainty and the Company's deteriorating reputation.

The Company's objective with the Transaction is to improve its financial structure and to signal the strong support of relevant shareholders.

Therefore, EiDF, as a company specialized in the installation of self-consumption systems for industrial companies in Spain and the development of photovoltaic solar parks, understands that the Transaction is fully in line with the corporate interest and is motivated by the convenience of substantially improving the Company's working capital and strengthening its equity, which is relevant to maintain the soundness of its balance sheet and normalize working capital financing in its different business units.

The subscription of the Convertible Loans was carried out under the authorization granted by the General Shareholders' Meeting in favor of the Board of Directors on September 9, 2022, whereby the Board of Directors of the Company was delegated, in accordance with the general rules on bond issues, pursuant to the provisions of Article 319 of the Commercial Registry Regulations and applying by analogy the provisions of Article 297.1. b) of the Capital Companies Law, the power to issue, on one or more occasions, fixed income securities or other similar securities that may directly or indirectly entitle the holder to subscribe shares in the Company, for a maximum period of five (5) years as from the date of adoption of the aforementioned resolution, for an aggregate amount of up to one hundred million euros (100.000,000- €) or its equivalent in another currency and with the power for the Board of Directors, pursuant to the provisions of Articles 417 and 511 of the Capital Companies Law, to exclude, in whole or in part, the pre-emptive subscription right.

### **3. JUSTIFICATION FOR THE EXCLUSION OF PREEMPTIVE SUBSCRIPTION RIGHTS IN THE CAPITAL INCREASE RESULTING FROM THE CONVERSION OF CONVERTIBLE LOANS INTO SHARES.**

In accordance with the provisions of Article 417 of the Capital Companies Act, in order to exclude the preemptive subscription right in the capital increase derived from the conversion into shares of the Convertible Participating Loans, the directors' report must include a detailed justification of the proposal.

The exclusion of the pre-emptive subscription right requires that the Company's interest so requires (art. 417.1 of the Capital Companies Law). In this regard, the Company's Board of Directors considers that the proposed exclusion of the pre-emptive subscription right is fully in accordance with the Company's interest since (i) it allows the Company to carry out an operation that is convenient from the point of view of the corporate interest (given the reasons already mentioned in the previous section); (ii) the procedure is suitable and necessary to achieve the purpose sought; and (iii) there is proportionality between the means chosen and the objective sought with the Operation.

For this purpose, within the framework of the Transaction, EiDF has obtained the benefit, through the subscription of convertible participating loans, of refinancing to the Investors the funds contributed to the Company in the form of subscription of promissory notes issued in MARF and bilateral loans, up to the amount of 39,047.39,047,695 euros, so that by the close of the 2023 fiscal year a better working capital has already been reflected and, with the conversion into shares, better DFN/EBITDA ratios will be reflected, thus obtaining a relevant degree of solvency and, if applicable, complying with covenants previously agreed by the Company with financial entities.

In this regard, given the current market circumstances, especially in the current context generated by the past health crisis (whose effects are still noticeable), the geopolitical crisis caused by the wars in Ukraine and Gaza, the increase in the prices of raw materials, the escalation of inflation at global level, the rise in interest rates and the repeated and increasingly insistent alarm signals about a possible global recession, among others, the Board of Directors considers it of great interest for the Company to have the most coherent balance sheet structure when accessing financial resources. Thus, the benefits that such an operation offers to the Company are easily understandable: through the refinancing agreement signed with the Investors, the Company will be able to obtain access to sources of working capital

financing that are currently impossible due to the doubts raised by its current balance sheet structure.

Thus, the Transaction allows improving the Company's financial ratios in a short period of time. Likewise, due to its circumstances and the terms and conditions in which the transaction is structured, it allows the increase of equity in a more efficient manner than other formulas, such as a capital increase or issuance of debt or convertible debentures with preemptive subscription rights, which would foreseeably require, under the present market circumstances, a greater discount on the market price, a longer execution time and greater uncertainty.

On the other hand, the Board of Directors considers that the elimination of the pre-emptive subscription right significantly reduces the financial cost and the costs associated with the transaction compared to a capital increase or a bond issue with pre-emptive subscription rights (especially if the fees of the financial institutions involved in this type of transaction are taken into account), and at the same time has a less distorting effect on the trading of the Company's shares during the issue period.

In short, with the Transaction described in the previous section, it has allowed the Company to carry out an important refinancing and recapitalization of its balance sheet, for which it is necessarily required, in order to ensure the protection of the Company's interest, the exclusion of the pre-emptive subscription right in the capital increase, this being a necessary requirement (and convenient from the economic and operational point of view) to achieve the objectives pursued. Likewise, the proposed measure is proportional to the purpose pursued, insofar as it is amply compensated and justified by the benefit for the Company and for the shareholders themselves of the possibility of carrying out an operation that is beneficial to EIDF.

In view of the foregoing, the Board of Directors of the Company considers that the exclusion of the preemptive subscription right in the capital increase referred to in this report is justified within the framework of the refinancing described in the preceding section.

On the other hand, it should be noted that, in accordance with article 510 of the Capital Companies law, given the conditions and characteristics of the capital increase, it is not mandatory to issue the independent expert's report provided for in section 2 of article 414 and in letter b) of section 2 of article 417 of the Capital Companies Law, since it does not reach 20% of the capital, as stated in this report.

In accordance with the provisions of Article 510 of the Capital Companies Law, this report of the Board of Directors will be made available to the shareholders and communicated to the first General Shareholders' Meeting to be held after the adoption of the resolution to increase the non-monetary capital.

#### **4. CAPITAL INCREASE BY CONVERSION INTO SHARES OF CONVERTIBLE LOANS.**

The Company's Board of Directors has agreed to propose to the Company's shareholders a capital increase through the offsetting of credits under the terms indicated below. For these purposes and in compliance with the provisions of Article 301 of the Capital Companies Law, the Board of Directors of the Company has issued the following report:

In compliance with the provisions of the applicable mercantile legislation, this report describes the fundamental characteristics of the loans, and in particular the nature thereof, the identity of the contributors, the number of shares to be created and the amount of the capital increase, expressly stating that the data relating to the loan is consistent with the Company's accounting records.

The capital increase corresponds to the fair value of the conversion into shares of the convertible participating loans subscribed by the Company with various investors.

The subscribers are:

TITULAR	CIF/DNI	FECHA PRÉSTAMO	IMPORTE	Nº DE ACCIONES	PRECIO CONVERSIÓN	VALOR RAZONABLE
PROSOL ENERGÍA S.L.	B94134951	21/12/23	8.100.000	2.341.234	3,4597	9.803.155,47
PROSOL ENERGÍA S.L.	B94134952	21/12/23	8.547.695	2.444.199	3,4971	10.234.287,90
PROSOL ENERGÍA S.L.	B94134953	27/12/23	4.400.000	1.209.499	3,6379	6.057.420,12
PROSOL ENERGÍA S.L.	B94134954	28/12/23	3.500.000	856.269	4,0875	4.688.752,33
LAURION FINANCIAL ENTERPRISES S.A.R.L	N0246704A	21/12/23	3.000.000	867.124	3,4597	3.630.799,56
LAURION FINANCIAL ENTERPRISES S.A.R.L	N0246704A	27/12/23	800.000	219.909	3,6379	1.101.349,57
MASS INVESTMENT ARK 2021, S.L.	B06980114	28/2/24	1.000.000	176.912	5,6525	1.084.736,45
D. Guillermo Romero Pla	46629023-L	12/2/24	1.750.000	481.046	3,6379	2.954.819,76
D. Sergio Romero Pla	46629750-W	12/2/24	1.000.000	274.883	3,6379	1.688.468,44
D. Jose Ignacio Romero García	36462238-R	12/2/24	500.000	137.441	3,6379	844.234,22
D. Luis Fernando Romero García	36430241-N	12/2/24	500.000	137.441	3,6379	844.234,22
CLUB RG 14, S.L.	B66276338	12/2/24	2.250.000	618.487	3,6379	3.799.053,98
PROSOL ENERGÍA S.L.	B94134954	9/5/24	3.700.000	607.593	6,0896	4.121.570,11

The total debts to be capitalized are 39,047,695 euros and their fair value at the capitalization date is 50,852,882.14 euros.

It is expressly stated (i) that the amounts indicated are liquid, due and payable and (ii) that the above data are consistent with those appearing in the Company's accounts. The capital increase by conversion into shares of the Convertible Participating Loans necessarily entails, in accordance with Article 414.1 of the Capital Companies Act, the adoption of the corresponding resolution to increase the share capital by the amount necessary to cover the conversion thereof.

The proposed capital increase is as follows:

1. To increase the share capital of the Company, set at ONE MILLION FOUR HUNDRED AND EIGHTY SIX THOUSAND AND SIXTEEN EUROS AND TWENTY-FIVE CENTS OF EURO (1,486.016.25 Euros), up to the amount of ONE MILLION SEVEN HUNDRED AND FORTY-FIVE THOUSAND, THREE HUNDRED AND SEVENTEEN EUROS AND NINETEEN CENTS OF EUROS (1,745,317.19 Euros), that is, to increase it by the amount of TWO HUNDRED AND FIFTY-NINE THOUSAND AND THREE HUNDRED EUROS AND NINETY-FOUR CENTS OF EURO (259,300.94 Euros).
2. To create as representative of the indicated capital increase TEN MILLION THREE HUNDRED SEVENTY TWO THOUSAND THIRTY SEVEN SHARES (10,372,037shares) of euros par value each, fully subscribed and paid up.

In this regard, by analogous application of the provisions of Article 297.1.b) of the Capital Companies Law, the power to agree the capital increase necessary to meet the conversion into shares of the Convertible Participating Loans, through the issue of new shares (without pre-

empive rights of the current shareholders of the Company in accordance with Article 304. 2 of the Capital Companies Act) and with provision for incomplete subscription is conditioned to the total of the share capital increases carried out by the Board of Directors, counting both those that are agreed in exercise of the delegated powers and those that may be in accordance with other authorizations of the Meeting, not exceeding the limit of half of the share capital at the time of the authorization of the General Shareholders' Meeting, in accordance with Article 297.1.b) of the Capital Companies Law.

After the capital increase, the Company will proceed to amend the Bylaws (Article 5) in order to adapt them to the new amount of capital stock in the following terms:

“ARTICLE 5.- SHARE CAPITAL The share capital amounts to one million seven hundred and forty-five thousand three hundred and seventeen euros and nineteen euro cents (1,745,317.19 €) and is fully subscribed and paid up.

The capital stock is divided into sixty-nine million eight hundred and twelve thousand six hundred and eighty-seven (69,812,687) shares of Euros 0.025 par value each, of the same class and series, and represented by book entries. The shares are fully subscribed and paid up.”

## **5. ADMISSION QUOTATION**

*Delegar To delegate to the Board of Directors, with express powers of substitution, the power to request admission to trading on official or non-official secondary markets, organized or not, domestic or foreign, of the Securities issued, as well as to carry out the necessary or appropriate procedures and actions for their admission to trading before the competent bodies of the various domestic or foreign securities markets.*

*To delegate to the Board of Directors the power to request the admission to trading of the new ordinary shares issued under this resolution on BME Growth, as well as on any markets on which the Company's shares are listed at the time of execution of this resolution.*

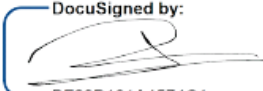
*Likewise, the Company expressly declares that it submits itself to the rules that exist or may be issued in the future regarding Stock Exchanges and, especially, regarding trading, permanence and exclusion from trading.*

## **6. DELEGATION OF POWERS**

*To empower the Board of Directors of the Company, to the fullest extent required by law and with express powers of substitution in any of the directors, as well as in the non-director Secretary, so that any of them, indistinctly and with their sole signature, may carry out all actions necessary or convenient for the execution of this resolution.*

This report has been prepared and approved by the Board of Directors of the Company, in Madrid, at its meeting held on May 29, 2024.

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D. Fernando Romero Martínez

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D. Jordi Berini Suñé

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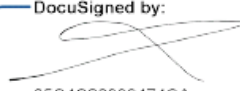
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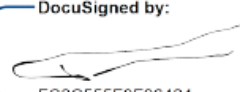
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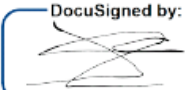
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