



**INFORMATIVE DOCUMENT REGARDING SHARE CAPITAL INCREASE  
CHARGED AGAINST SHARE PREMIUM OF EDP RENOVÁVEIS, S.A.**

**APRIL 23, 2024**

**This informative document has been prepared in accordance with the provision of article 1.5(g) of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market**



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## 1. BACKGROUND

### 1.1. Background and objectives

EDP Renováveis, S.A. (“**EDPR**” or the “**Company**”) has traditionally remunerated its shareholders through ordinary dividends paid-out in cash. Notwithstanding the foregoing, in 2023, with the aim to improve its shareholders’ remuneration structure, pursuant to the trends followed in this area by other companies in Spain, the Company offered its shareholders a remuneration mechanism in the form of a scrip dividend, replacing, at the option of the shareholders, the ordinary dividend corresponding to fiscal year 2022, with the issuance of new paid-up shares (while keeping the option for shareholders to receive cash) (“**2023 Scrip Dividend**”).

The 2023 Scrip Dividend, which implied a payout ratio of approximately 40%, was successfully implemented and demonstrated EDPR’s shareholders willingness to hold more shares in the Company rather than receiving a remuneration in cash. On the one hand, incorporation rights corresponding to 92.3% of the share capital were converted into *circa* 12 million new shares, issued by means of a share capital increase. On the other hand, cash out for the Company amounted to *circa* € 20.6 million for the purchase of 7.7% of the total number of incorporation rights, at a fixed price of €0.265.

Following the success of last year’s program, the Company now intends to continue offering its shareholders this remuneration mechanism (“**EDPR Scrip Dividend Program**” or “**Program**”). Similarly to the 2023 Scrip Dividend, this year’s Program shall, pursuant to Spanish law, be structured as a share capital increase entirely charged against the reserves existing in the share premium account (“**Share Capital Increase**”) and shall operate through the offer to all EDPR shareholders of newly issued paid-up shares of EDPR (“**New Shares**”) or, as the case may be, the receipt of cash through the sale of their incorporation rights (the “**Incorporation Rights**”) to the Company or in the regulated market of Euronext Lisbon.

The purpose of this informative document (the “**Informative Document**”) is, therefore, to provide the shareholders of EDPR with all information available at this date in relation to the Share Capital Increase and the Program. This Informative Document is available at the Company’s corporate website ([www.edpr.com](http://www.edpr.com)) and at CMVM’s information dissemination system (at [www.cmvm.pt](http://www.cmvm.pt)).



## **1.2. Corporate approvals and formalities**

The General Shareholders Meeting of EDPR held on April 4, 2024, on first call, has resolved, under item 3 of the respective Agenda, to perform the Share Capital Increase and to approve the Program for a maximum value of 210,000,000.00 euros.

The resolution of the General Shareholders Meeting was approved pursuant to the substantiating report issued by the Board of Directors of the Company (the meeting of the Board of Directors having occurred on February 27, 2024), which determined the key features of the Program.

In this context, the Board of Directors of the Company resolved, on April 23, 2024, to execute the Program and to carry out the Share Capital Increase, for a maximum value of 81,268,100.00 euros and set the other final terms and conditions thereof that were not established in the resolution of the General Shareholders Meeting.

In turn, this Informative Document has been prepared and is issued for the purposes of Article 1.5(g) of Regulation (EU) 2017/1129 of the European Parliament and of the Council, of 14 June 2017, on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market (the "**Regulation (EU) 2017/1129**"). Pursuant to the aforementioned Article, the obligation to publish a prospectus set out in Article 3(3) of Regulation (EU) 2017/1129 shall not apply to the admission to trading of shares offered, allotted or to be allotted free of charge to existing shareholders, and dividends paid in the form of shares of the same class as those for which dividends are paid, provided that said shares are of the same class as those already admitted to trading on the same regulated market and that a document containing information on the number and nature of the shares and the purposes and details of the offer is available.

## **2. STRUCTURE OF THE SHARE CAPITAL INCREASE**

Under the Program, each shareholder will receive one Incorporation Right per EDPR share they have acquired until 23:59 hours GMT (inclusive) of April 30, 2024 (last trading date), so long as such acquired shares are settled by May 3, 2024 (record date).

The Incorporation Rights shall be tradable on the regulated market of Euronext Lisbon under the same conditions as the shares they arise from, for a period of fifteen (15)



calendar days. Once such period expires, the Incorporation Rights shall automatically convert into New Shares at a ratio defined under Section 3.1, which shall be vested to the holders of the Incorporation Rights.

With it, the Company offers its shareholders an alternative which gives them the opportunity to receive paid-up shares of the Company. Therefore, EDPR shareholders will have the three following options, to be exercised in their sole discretion:

- a) not to sell all or part of their Incorporation Rights. In this case, at the end of the trading period, the shareholders will receive their corresponding number of New Shares, based on the proportion defined under section 3.1, fully paid up; or
- b) to sell all or part of their Incorporation Rights to EDPR at a guaranteed fixed price of 0.201 euros per Incorporation Right ("**Purchase Commitment**"). This way, the shareholders may opt to monetize their Incorporation Rights and receive a cash amount instead of receiving New Shares; or
- c) to sell all or part of their Incorporation Rights on the Euronext Lisbon regulated market. Shareholders choosing this option would also monetize all or part of their Incorporation Rights, even though they would not receive a guaranteed fixed price, as in option b) above, but instead they would receive a compensation in cash for the sale of the Incorporation Rights equivalent to their trading price. Therefore, in this case the Company would not make any payment.

Shareholders may combine any or all of the above options (that is, they may choose one or more of them in respect of the entirety or part of the rights and shares to which they are entitled), depending on what they freely decide. In this regard, EDPR shareholders should note that the alternatives receive different tax treatments (see section 5 below for a summary of the tax regime applicable to these transactions under Spanish regulations).

The gross amount received by those shareholders choosing options a) and b) shall be equivalent, as the share price of EDPR (defined under Section 3 below) shall be used to determine both the fixed price of the Purchase Commitment and the number of Incorporation Rights required to subscribe one new paid-up share. In this sense, the gross price received by a shareholder selling all Incorporation Rights to the Company under the Purchase Commitment shall be, approximately, equal to the value of the New Shares the shareholder shall receive if such shareholder does not sell the Incorporation Rights, calculated at the share price of EDPR (defined under Section 3



below). However, the tax treatment under Spanish regulations for options a) and b) would still be different (*cfr* Section 5 below).

Additionally, it must be taken into account that the share price of EDPR (defined under Section 3 below) is subject to market fluctuations, in such way that the share price which shall serve as a reference to determine the aforementioned gross price may not be the same as the share price of the shares of the Company on the date on which the shareholder receives the new issued paid-up shares or the cash.

### **3. DETAILS OF THE SHARE CAPITAL INCREASE**

#### **3.1. Amount of the Share Capital Increase, number of shares to be issued and number of Incorporation Rights required for the attribution of one new paid-up share**

Pursuant to the formulas set forth in the resolution adopted under item 3 of the Agenda by the General Shareholders' Meeting of April 4, 2024, the Board of Directors of the Company has determined that the Share Capital Increase shall have the following characteristics:

##### *Incorporation rights required for the attribution of one new paid-up share*

The number of Incorporation Rights needed to receive one New Share ("**No. Rights per share**") is 63. Incorporation Rights shall be vested to the shareholders who have acquired their shares until April 30, 2024 (last trading date), so long as such shares are settled by May 3, 2024 (record date) at Interbolsa – Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A. ("**Interbolsa**"), at a rate of one Incorporation Right per issued share that they hold at said date. Accordingly, such shareholders shall be entitled to receive one New Share of EDPR per every 63 shares of EDPR held at said date.

Said number of Incorporation Rights required to receive one New Share has been automatically determined according to the proportion existing between the number of New Shares and the number of issued shares on April 23, 2024, date on which the Board of Directors has passed the resolution to implement the Share Capital Increase:

**No. Rights per Share** = NIS / Provisional no. shares = 1,023,978,101 / 16,333,514 = 62.69



No. Rights per share rounded up = 63

Where:

**“Provisional no. shares”** = Amount of the Shares Option / Share Price = 210,000,000 / 12.857 = 16,333,514.82

Provisional no. shares rounded down to the nearest lower whole number = 16,333,514

**“NIS”** = Number of issued shares of the Company at the date on which the Board of Directors has resolved to implement the Share Capital Increase (April 23, 2024) = 1,023,978,101.

Where:

**“Amount of the Shares Option”** = means the theoretical aggregate amount payable by EDPR if all EDPR shareholders were to opt for the Shares Option = 210,000,000 euros gross.

**“Share Price”** = 12.857 euros, corresponds to the arithmetic mean of the weighted average prices of the Company’s shares on the regulated market of Euronext Lisbon over the five (5) trading sessions prior to the date of the resolution passed by the Board of Directors to implement the Share Capital Increase, meaning the trading days on the regulated market of Euronext Lisbon of April 16, April 17, April 18, April 19 and April 22, 2024, rounded up or down to the nearest thousandth of a euro and, in the event of half a thousandth of a euro, rounded up to the nearest thousandth of a euro. Share Price may never be lower than the nominal value of the shares of EDPR. In the event that such calculation results in a lower figure, the Share Price will be equal to 5 euros.

Incorporation Rights will be allocated to those shareholders of the Company entitled to receive them, meaning those registered in the relevant accounts of financial intermediaries affiliated with *Interbolsa* and the corresponding jumbo accounts opened by such financial intermediaries in the *Central de Valores Mobiliários*, managed by Interbolsa, on May 3, 2024 (record date), pursuant to the regulations in effect regarding the registration, compensation and settlement of securities.

#### *Maximum number of New Shares to be issued*

The maximum number of New Shares to be issued in the Share Capital Increase (**“MNNS”**) is 16,253,620 resulting from the formula approved by the General Shareholders’ Meeting of EDPR, which is reproduced below, rounded down to the nearest whole number:



**MNNS** = NIS / No. Rights per share = 1,023,978,101 / 63 = 16,253,620.65

MNNS rounded down = 16,253,620

The final number of New Shares will depend on the number of shareholders who elect to receive their remuneration in cash pursuant to the Purchase Commitment.

As the number of Incorporation Rights required for the attribution of one New Share (No. Rights per share) is 63, which multiplied by the maximum number of New Shares to be issued (MNNS), i.e. 16,253,620, is less than the number of outstanding shares of the Company (NIS), being 1,023,978,101 it is reported that EDP – Energias de Portugal, S.A. (“**EDP**”) has waived 41 Incorporation Rights held by it, for the sole purpose of ensuring that the number of New Shares is the whole number previously indicated (i.e. 16,253,620) and not a fraction.

Furthermore, once the Incorporation Rights trading period has expired, the Company will waive the Incorporation Rights acquired as a result of the Purchase Commitment. In that case there will be an incomplete take-up of the Share Capital Increase and EDPR’s share capital will be increased only by the amount corresponding to the Incorporation Rights: (i) which have not been waived; and (ii) which grant their holders the right to receive a round number of new shares.

The final number of New Shares to be issued (“**NNS**”) shall be calculated as the result of dividing the number of outstanding Incorporation Rights at the end of the trading period by the No. Rights per Share, and if this figure is not a round number, EDP shall waive the relevant amount of Incorporation Rights necessary to do so:

**NNS** = Number of outstanding Incorporation Rights / No. Rights per share

#### *Maximum amount of the Share Capital Increase*

Considering the maximum number of New Shares to be issued in the Share Capital Increase and notwithstanding the possibility of incomplete subscription, the maximum amount of the Share Capital Increase which has been determined by the Board of Directors is 81,268,100.00 euros:

MNNS x nominal value = 16,253,620 x 5 = 81,268,100.00 euros

The final amount of the Share Capital Increase will be the result of multiplying the number of New Shares to be issued following the trading period of the Incorporation Rights by the face value of the shares of EDPR (5 euros per share). The Share Capital Increase will take place at par, with no share premium.





### **3.2. Allocation of Incorporation Rights and procedure to opt for cash or New Shares**

As indicated above, the Incorporation Rights will be allocated to persons registered as EDPR shareholders on the accounts of the financial intermediaries affiliated with Interbolsa as of May 3, 2024 (record date).

The trading period of the Incorporation Rights will begin on the business day following the record date, and will last for 15 calendar days (i.e., from May 6 to 20, 2024, both inclusive). During this period, the Incorporation Rights will be negotiable and, therefore, may be transferred under the same conditions as the shares from which they derive, on the regulated market of Euronext Lisbon.

During the Incorporation Rights trading period, shareholders may opt to (i) do nothing and receive the relevant amount of New Shares initially attributed, according to the terms of 3.1 above; (ii) exercise the Purchase Commitment and sell to EDPR all or part of their Incorporation Rights for a minimum guaranteed price in cash, or sell them in the regulated market of Euronext Lisbon, not under a guaranteed price but for their market price; or, (iii) sell or acquire the relevant amount of Incorporation Rights in the regulated market of Euronext Lisbon necessary to subscribe additional New Shares.

In order to decide between the options offered by EDPR, shareholders must contact the financial intermediaries where their shares and corresponding Incorporation Rights are deposited in order to communicate their decision.

Once the Incorporation Rights trading period has expired, the New Shares must be allocated to those shareholders or, when applicable, third party acquirors, who hold them registered in the relevant accounts of financial intermediaries affiliated with Interbolsa and the corresponding jumbo accounts opened by such financial intermediaries in the Central de Valores Mobiliários, managed by Interbolsa.

### **3.3. Receipt of the New Shares**

In the absence of a formal communication to the relevant financial intermediaries of the decision to sell their Incorporation Rights on the Euronext Lisbon regulated market or to EDPR during the respective trading period (see point below), shareholders will receive the relevant proportion of New Shares for such Incorporation Rights, as defined herein.



Shareholders may receive a number of Incorporation Rights which does not entitle them to receive a number of shares of EDPR corresponding to a whole number. In that case, and in the event that a given shareholder has opted to receive new EDPR shares, to avoid losing the remaining Incorporation Rights such shareholder shall be required to order its financial intermediary to, either (i) sell said Incorporation Rights to EDPR or in the regulated market of Euronext Lisbon (pursuant to 3.4 and/or 3.5 below) or (ii) to acquire a number of Incorporation Rights in the regulated market of Euronext Lisbon (pursuant to 3.5 below) which would allow such shareholder to subscribe an additional New Share of EDPR.

Otherwise shareholders may lose their Incorporation Rights which in aggregate do not allow for a New Share of EDPR to be issued. This may have as a consequence, pursuant to the regulatory framework and the mechanics governing the systems for the registration, compensation and settlement of securities, in either the Incorporation Rights being cancelled, or the financial intermediaries affiliated with *Interbolsa* before which shareholders' individual securities accounts are opened being attributed New Shares, as a result of the aggregation of Incorporation Rights of their clients which were not used to subscribe New Shares. In the latter case, the delivery of new shares by Interbolsa to financial intermediaries will have the effect of diluting the economic position of the existing shareholders of EDPR.

Financial intermediaries, under their duties to act in the best interest of clients, are therefore encouraged to proactively contact their clients to inform them of the possibility that they may forfeit some or all of their Incorporation Rights if they do not timely provide the instructions mentioned above (i.e. to sell their Incorporation Rights or acquire enough Incorporation Rights in the regulated market of Euronext Lisbon which would allow them to subscribe an additional new share of EDPR).

### **3.4. Purchase Commitment**

#### **Price of the Purchase Commitment**

The Company has irrevocably undertaken the commitment to purchase the relevant amount of Incorporation Rights from those shareholders who request it within the period set forth below; thus, shareholders of EDPR receiving Incorporation Rights at the start of the trading period of those Incorporation Rights will have guaranteed the possibility of selling them to the Company and receiving, at their choice, all or part of their remuneration in cash.



The Purchase Commitment shall only apply for those Incorporation Rights initially received by each of the Company's shareholders, excluding those purchased or otherwise acquired on the market either by shareholders or by third-party acquirors.

**Purchase Price** = Share Price / (No. Rights per share +1) = 12.857 / (63 + 1) = 0.200890625

**Purchase Price rounded** = rounded up or down to the nearest thousandth of a euro and, in the event of half a thousandth of a euro, rounded up to the nearest thousandth of a euro = 0.201

Consequently, EDPR shareholders who wish to receive their remuneration in cash may sell their Incorporation Rights to EDPR at a fixed price of 0.201 euros during the period indicated below.

The overall amount of the Purchase Commitment thus calculated shall be determined at the end of the Incorporation Rights trading period and disclosed on the Share Capital Increase execution date.

#### Term of the Purchase Commitment

The Purchase Commitment is extended within a 12 calendar days term as from the business day following the record date (i.e., from May 6 to May 17, 2024, both inclusive). Therefore, EDPR shareholders who wish to take up the Purchase Commitment must communicate their decision no later than market closing of May 17, 2024.

### **3.5. Trading of Incorporation Rights**

During the trading period of the Incorporation Rights, which will run from May 6, 2024, to May 20, 2024, both inclusive, EDPR shareholders will be able to sell or purchase such Incorporation Rights under the same conditions as the shares from which they derive, on the regulated market of Euronext Lisbon.

### **3.6. Provisional calendar**

The provisional calendar for the implementation of the Share Capital Increase is as follows:

Target date	Operation
April 23, 2024	Publication of the Informative Document in CMVM's information dissemination system and in the Company's corporate website.
April 24, 2024	<u>Publication of the announcement of the Share Capital Increase in BORME.</u>
April 30, 2024	<u>Last trading date</u> : Reference date to participate in the EDPR Scrip Dividend Program. Shareholders who have acquired their shares up to this date (inclusive), and who appear as shareholders in Interbolsa records at 23:59 hours GMT on the May 3, 2024 (record date), will be entitled to participate in the Program.
May 2, 2024	<u>Ex-date</u> : the Company's shares are traded without right to take part in the Program as from this date.
May 3, 2024	<u>Record Date</u> : Effective date of settlement of the operations carried out on the last trading date, for the purposes of attributing the Incorporation Rights to the EDPR shareholders.
May 6, 2024	<b>Admission to trading of the Incorporation Rights in the regulated market of Euronext Lisbon.</b> <b>Beginning of the Incorporation Rights trading period and of the period to request to EDPR the remuneration in cash under the Purchase Commitment.</b>
May 17, 2024	<b>End of the period for requesting cash remuneration under the Purchase Commitment.</b>
May 20, 2024	End of the Incorporation Rights trading period in the regulated market of Euronext Lisbon.
May 21, 2024	Execution of the orders to buy and sell the Incorporation Rights of the shareholders who have opted to sell their Incorporation Rights to the Company under the Purchase Commitment.

Target date	Operation
May 22, 2024	Granting of the Share Capital Increase execution public deed and filing with the Commercial registry for its registration.
May 23, 2024	Effective payment to shareholders who have opted to sell their Incorporation Rights to the Company. Conversion by Interbolsa of the Incorporation Rights into temporary New Shares ( <i>cauteladas</i> ), with a separate ISIN.
May 24, 2024	Conversion of the temporary New Shares into definitive New Shares of EDPR. Admission to trading of the New Shares of EDPR in the <i>Central de Valores Mobiliários</i> .

Notwithstanding the foregoing, this schedule is tentative as it may be subject to terms which are not under the control of the Company regarding the procurement of the relevant authorizations. In the event of a relevant change in the aforementioned dates, the Company will inform the market as soon as possible.

#### 4. NATURE OF THE SHARES TO BE ISSUED

##### 4.1. Nominal value, share price and representation of the shares

The New Shares to be issued in the Share Capital Increase will be ordinary shares of 5 euro nominal value each, of the same class and series as those currently issued and represented by book entries; the New Shares shall be registered in the relevant accounts of financial intermediaries affiliated with *Interbolsa* and the corresponding jumbo accounts opened by such financial intermediaries in the *Central de Valores Mobiliários*, managed by *Interbolsa*.

##### 4.2. Expenses and fees

The Share Capital Increase will be conducted free of expenses and fees with respect to the allocation of the New Shares issued. The Company will bear the expenses of



issuance, subscription, placing in circulation, admission to trading and other expenses related to the New Shares.

Notwithstanding the foregoing, the Company's shareholders should bear in mind that the financial intermediaries before which their shares are deposited may charge, in accordance with the legislation in force, fees and expenses for the subscription of the New Shares and for administration, derived from the maintenance of the securities in the relevant accounts of such financial intermediaries, as they may freely determine. Likewise, the aforementioned financial intermediaries may establish, in accordance with the legislation in force, the fees and expenses chargeable for the processing of purchase and sale orders of Incorporation Rights that they may freely determine.

In any case, EDPR shareholders should consider the tax aspects (and, in particular, the existence of withholdings, if any) applicable to each of the options (*cf.* section 5 of this Informative Document).

#### **4.3. Rights of the New Shares**

The New Shares will grant their holders the same voting and economic rights as the Company's ordinary shares issued on the date on which the Share Capital Increase is declared subscribed, on the applicable amount, and paid-up, as from the date on which they are registered in their name in the relevant accounts of financial intermediaries affiliated with *Interbolsa* and the corresponding jumbo accounts opened by such financial intermediaries in the *Central de Valores Mobiliários*, managed by *Interbolsa* and will be admitted to trading on the regulated market of Euronext Lisbon.

#### **4.4. Balance sheet serving as a base for the Program and reserves against which the Share Capital Increase is charged**

The Share Capital Increase shall be entirely charged against the outstanding amount in the "Share premium" account, which belongs to the reserves provided for in Article 303.1 of the Spanish Companies Act, which was 2,949,770,388.29 euros on December 31, 2023 (expressed in thousands of euros in the balance sheet).

Pursuant to the provisions set forth by article 303.2 of the Spanish Companies Act and article 168 of the Spanish Commercial Registry Regulations, the Share Capital Increase is carried out on the basis of the balance sheet corresponding to the financial year ended as of December 31, 2023, which was approved by the General



Shareholders' Meeting held on April 4, 2024 under item one of its Agenda, having been previously prepared by the Board of Directors, at its meeting held on February 27, 2024, and audited by Pricewaterhouse Coopers Auditores, S.L., on February 28, 2024.

#### **4.5. Admission to trading**

The Company will apply for admission to trading of the New Shares on the regulated market of Euronext Lisbon, by taking such steps and actions as may be necessary or appropriate and submitting the required documents to Euronext Lisbon in order for them to be admitted to trading.

Ordinary trading of the New Shares on the regulated market of Euronext Lisbon is expected to begin on May 24, 2024.

#### **4.6. Shares on deposit**

Notwithstanding the foregoing, once the Incorporation Rights trading period has ended, New Shares that could not be allocated due to reasons not attributable to the Company shall be kept on deposit at the disposal of those holders who can prove their legitimate ownership over the relevant Incorporation Rights. Three (3) years after the expiry of the aforementioned Incorporation Rights trading period, the New Shares still pending to be allocated may be sold in accordance with the provisions set forth in Article 117 of the Spanish Companies Act, on behalf of and at the expense of the interested parties. The net amount of the aforementioned sale shall be deposited with the Bank of Spain or with the *Caja General de Depósitos* at the disposal of the interested parties.

### **5. TAX FRAMEWORK**

The following is a non-exhaustive summary of the tax consequences in Spain from participating in the Program. EDPR shareholders are advised to consult a tax adviser to be aware of all tax repercussions from their participation in the Program.

## 5.1. SPANISH TAX FRAMEWORK

### *General comments*

The principal Spanish tax implications deriving from the Share Capital Increase are set out below on the basis of the tax laws in place in the common territory and the administrative doctrine laid down by the Spanish Directorate for General Taxation (*Dirección General de Tributos*) in its responses to several binding consultations.

Although the tax regime applicable to shareholders resident in the regional (*foral*) territories of the Basque Country and the Foral Community of Navarre is similar to that of the Spanish common territory, certain differences may exist.

Shareholders and Incorporation Right holders are advised to consult their tax advisers before making a decision regarding the Share Capital Increase, taking into account the specific circumstances of each shareholder or holder of Incorporation Rights. Particularly, non-resident shareholders are advised to consult their own tax advisers on the tax impacts deriving from the different options granted under the Share Capital Increase in the light of their personal circumstances, including reporting obligations and their possible entitlement to tax exemptions provided for by the Non-Resident Income Tax (*Impuesto sobre la Renta de no Residentes*) (hereinafter, the “**IRNR**”) legislation and to the provisions of income tax conventions for the avoidance of double taxation and the prevention of tax evasion entered into by Spain and their states of residence. Furthermore, it should be noted that, on 16 January 2021, the Financial Transaction Tax Law (*Ley del Impuesto sobre las Transacciones Financieras*) (hereinafter, the “**FTTL**” and the “**FTT**”, respectively) came into force. Pursuant to the provisions of the FTTL, the FTT is chargeable at a 0.2% fixed rate on acquisitions for consideration of shares in Spanish companies admitted to trading on a Spanish market, a regulated market in the European Union or a market deemed to be equivalent in a third country, provided that the capitalization value of the relevant company as of December 1 of the year preceding the acquisition exceeds €1,000 million.

Although EDPR’s capitalization value as of 1 December 2023 exceeds €1,000 million, it should be indicated that the Directorate for General Taxation has published a document on Frequently Asked Questions about the FTT (which is regularly updated) clarifying that acquisitions of shares under shareholder compensation programs





known as “scrip dividend” (provided the delivered shares are New Shares issued in a fully paid-up capital increase) are not subject to the FTT.

### *Specific comments*

#### **5.1.1. Receipt of paid-up shares**

In the event shareholders elect to receive new fully paid-up shares, the applicable tax regime will be as follows:

- (a) *Shareholders liable to Personal Income Tax (Impuesto sobre la Renta de las Personas Físicas) (hereinafter, the “IRPF”) and to IRNR without a permanent establishment in Spain.*

The delivery of the New Shares derived from the Share Capital Increase will be considered, for tax purposes, as the grant of fully paid-up shares and, therefore, will not give rise to any income for IRPF or IRNR purposes. The delivery of New Shares will not be subject to withholding tax either. The acquisition cost, both of the New Shares received in the Share Capital Increase and of the shares from which the latter originate, will be the result of dividing the total cost by the total number of shares, both old and new. The acquisition date of such paid-up shares will be that of the shares from which they arise. Consequently, in the event of a subsequent transfer of shares (old or new), a capital gain or loss will be calculated by reference to this new acquisition cost.

- (b) *Shareholders liable to Corporate Income Tax (Impuesto sobre Sociedades) (hereinafter, the “IS”) and to IRNR with a permanent establishment in Spain.*

Shareholders liable to IS or to IRNR with a permanent establishment in Spain to which the shares in EDPR are allocated will determine their tax base in accordance with the applicable accounting rules (for which regard must be had, if applicable, to the ICAC Resolution of March 5, 2019<sup>1</sup> and, in particular, to its Article 35.4, dealing with the

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<sup>1</sup> Resolution of 5 March 2019 by the Spanish Accounting and Audit Institute (*Instituto de Contabilidad y Auditoría de Cuentas*) implementing the presentation standards for financial

treatment at shareholder level of compensation programs that grant the option to acquire new fully paid-up shares, to dispose of the free issuance rights received on the market or to sell them to the issuing company) and with any specific tax rule that may be of application. All of the foregoing is without prejudice to the rules for determining any applicable tax basis for these taxes, and particularly the ability to apply the exemption of Section 21 of Law 27/2014 of 27 November on the Corporate Income Tax (hereinafter, the “**LIS**”), upon compliance with the requirements set forth therein, or the rule set forth in Section 17.6 of the LIS applicable to cases where the reserve charged to issue paid-up shares in a share capital increase is the reserve from share premium. Shareholders subject to the IS and the IRNR who act through a permanent establishment in Spain are advised to consult their tax advisers on the impact of the ICAC Resolution before making a decision regarding the Share Capital Increase.

According to several binding resolutions issued by the Directorate for General Taxation<sup>2</sup>, there will be no obligation for the Company to withhold tax on the delivery of New Shares or Incorporation Rights to these shareholders in the context of the Share Capital Increase.

### **5.1.2. Sale of Incorporation Rights on the market**

If shareholders sell their Incorporation Rights on the market, the proceeds obtained thereof will be given the following tax treatment:

*(a) Shareholders liable to IRPF.*

The sale of Incorporation Rights will be subject to the same rules that apply to the transfer of pre-emptive subscription rights. Consequently, the amount obtained in the market as a consideration for the sale of their Incorporation Rights by these shareholders will be treated as a capital gain in the tax period in which such sale occurs and will be taxed accordingly. The capital gain so calculated will be subject to withholding tax at the applicable rate (currently 19%).

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instruments and other accounting matters related corporate law provisions on capital companies (hereinafter, the “**ICAC Resolution**”).

<sup>2</sup> *Inter alia*, binding resolutions V2468/2020 and V1357/2020.



This withholding will be made by the corresponding depository entity or, in the absence thereof, by the financial broker or notary public who participates in the transfer.

*(b) Shareholders liable to IRNR without a permanent establishment in Spain.*

For IRNR purposes, the sale of Incorporation Rights on the market will also be treated as the transfer of pre-emptive subscription rights. As a result, the amounts obtained by IRNR taxpayers without a permanent establishment in Spain as a consideration for the sale of their Incorporation Rights will be treated as a capital gain for NRIT purposes and will be taxed at a 19% rate.

All this without prejudice to the potential application to persons subject to the IRNR without a permanent establishment of international treaties, including the treaties signed by Spain for the avoidance of double taxation and for the prevention of tax evasion in the area of Income Tax and to which they might be entitled, and the exemptions established in the IRNR rules.

No withholding tax will be levied in these cases; instead, the IRNR taxpayer will be obliged to submit a tax return.

*(c) Shareholders liable to IS or to IRNR with a permanent establishment in Spain.*

For shareholders subject to the IS or to the IRNR with a permanent establishment in Spain, taxes will be paid pursuant to applicable rules (taking into account, if applicable, the ICAC Resolution, and particularly the aforementioned Article 35.4 thereof, which will be mandatory for financial years beginning on 1 January 2020), and any specific rules regarding the aforementioned taxes. All of the foregoing is without prejudice to the rules for determining any applicable tax basis for these taxes, and particularly the ability to apply the exemption of Section 21 of the LIS, upon compliance with the requirements set forth therein, or the rule set forth in Section 17.6 of the LIS applicable to cases where the reserve charged to issue paid-up shares in a share capital increase is the reserve from share premium. Shareholders subject to the IS and the IRNR who act through a permanent establishment in Spain are advised to consult their tax advisers on the impact of the ICAC Resolution before making a decision regarding the Share Capital Increase. There is no obligation to withhold tax in this case.



### **5.1.3. Sale of the Incorporation Rights to EDPR**

As the Share Capital Increase will be charged against a share-premium reserve, an amount equal to the Purchase Price will reduce, for tax purposes, the acquisition cost of the shares in the Company and only the excess, if any, will be taxable in accordance with the rules applicable to each shareholder. In this case, there will be no obligation to withhold tax.

### **5.2. Other jurisdictions**

EDPR shareholders who are not resident in Spain are warned that the tax legislation of their country of residence may have an impact on the income received from the attribution of New Shares, sale of Incorporation Rights in the market and/or sale of Incorporation Rights to EDPR and are advised to consult a tax adviser to be aware of all tax repercussions from their participation in the Program.