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CONTOURGLOBAL[®]



ContourGlobal plc

(incorporated under the Companies Act 2006 and registered in England and Wales with registered number 10982736)
(the “Company”)

Circular for information purposes only

Authority to implement proposed disposal of the Brazil Hydro-Electric Generation Business

You should read the whole of this document and all documents incorporated into it by reference in their entirety. Your attention is drawn to the letter from your Chairman which is set out in Part I (*Letter from the Chairman*) of this document and which contains certain information concerning the Disposal. Your attention is also drawn to the risk factors set out in Part II (*Risk Factors*) of this document which describes certain material risk factors concerning, among other things, the Disposal. Capitalised terms used in this document have the meanings ascribed to them in Part VII (*Definitions*) of this document.

On 8 April 2020, the FCA published a Statement of Policy and a Technical Supplement entitled “*Technical Supplement — modification of general meeting requirements under the Listing Rules*” aimed at assisting companies required to hold general meetings under the Listing Rules. To address the challenges faced by listed companies during the COVID-19 pandemic, the FCA has temporarily modified the Listing Rules with regards to Class 1 transactions and the requirement to hold a general meeting in certain circumstances. In view of the continued uncertainty that exists with respect to the development of the COVID-19 pandemic; the unpredictable nature of the requirements and restrictions that may be introduced, potentially on short notice, to address changes in the COVID-19 situation; and given the challenges that certain of the Company’s Directors (many of whom are based overseas) may face in travelling to and from the United Kingdom to attend a general meeting, the Company has sought from the FCA a dispensation from the requirement to hold a general meeting with respect to the Resolution.

Pursuant to these modifications to the Listing Rules, the FCA has granted the Company a dispensation from the requirement to hold a general meeting as the Company has obtained written undertakings from Shareholders holding more than 50 per cent. of the Company’s issued share capital confirming that they approve of the Disposal and would vote in favour of the Resolution at a general meeting, if such meeting were to be held. On the basis that the dispensation has been granted by the FCA upon publication of this document, the Company is therefore not proceeding with a general meeting with respect to the Resolution. Accordingly, subject to the satisfaction or (where applicable) waiver of the remaining Conditions to which the Disposal is subject (as summarised in Part III (*Summary of the Principal Terms and Conditions of the Disposal*) of this document), the Disposal described in this document will be implemented following publication of this document. This document does not contain a notice of a general meeting of the Company and no further action needs to be taken.

Investec, which is authorised by the Prudential Regulation Authority and regulated by the Prudential Regulation Authority and the Financial Conduct Authority in the United Kingdom, is acting solely for ContourGlobal plc and for no one else in connection with the Disposal. Apart from any responsibilities and liabilities (if any) which may be imposed on Investec by the FSMA or regulatory regime established thereunder or any other applicable regulatory regime, Investec will not be responsible to anyone other than ContourGlobal plc for providing the protections afforded to clients of Investec or for providing advice in connection with the Disposal or any other matter referred to in this document. Further, Investec accepts no responsibility whatsoever and makes no representations or warranty, express or implied, for or in respect of the contents of this document, including its accuracy, completeness or verification or for any other statement made or purported to be made by it, or on its behalf, in connection with the ContourGlobal Group, and nothing in this document is, or shall be relied upon as, a promise or representation in this respect, whether as to the past or future. Investec accordingly disclaims, to the fullest extent permitted by law, all and any responsibility and liability whatsoever arising in tort or otherwise as related to above, which it might otherwise have in respect of this document or any such statement.

This document is dated 8 April 2022.

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Expected Timetable of Principal Events

The expected date of Closing is indicative only and may be subject to change by the Company, in which event details of the new date will be notified to the Financial Conduct Authority and, where appropriate, to Shareholders.

Announcement of the Disposal	20 January 2022
Publication date of this document	8 April 2022
Expected date of Closing	Second quarter of 2022

Presentation of Information

1. FORWARD-LOOKING STATEMENTS

Certain information contained in this document, including any information as to the ContourGlobal Group's or the Retained Group's strategy, plans or future financial or operating performance constitutes, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology such as, "aims", "anticipates", "assumes", "believes", "budgets", "could", "contemplates", "continues", "estimates", "expects", "intends", "may", "plans", "predicts", "projects", "schedules", "seeks", "shall", "should", "targets", "would", "will" or, in each case, their negative or other variations or comparable terminology. Forward-looking statements appear in a number of places throughout this document and include, but are not limited to, express or implied statements relating to: the financial condition, results of operations, cash flows, dividends, financing plans, business strategies, operating efficiencies and synergies, budgets, capital and other expenditures, competitive positions, growth opportunities, plans and objectives of management and other matters, in each case including but not limited to those relating to the ContourGlobal Group, the Target Group or the Retained Group. Such forward-looking statements, including without limitation those relating to the future business prospects, revenues, capital needs, interest costs and income, in each case including but not limited to those relating to the ContourGlobal Group, the Target Group or the Retained Group, wherever they occur in this document, are necessarily based on currently available information and currently held assessments and assumptions reflecting the views of the Company, and involve a number of risks and uncertainties that could cause actual results to differ materially from those expressed or implied or forecast by the forward-looking statements and speak only as at the date of this document.

Important factors which may cause actual results to differ include, but are not limited to, those described or referred to in Part II (*Risk Factors*) of this document.

By their nature, forward-looking statements are based upon a number of estimates and assumptions that, whilst considered reasonable by the Directors of the Company, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Known and unknown factors could cause actual results to differ materially from those indicated, expressed or implied in such forward-looking statements.

Shareholders are cautioned that forward-looking statements are not guarantees of future performance. Any forward-looking statements in this document reflect the Directors of the Company's current view with respect to future events and are subject to certain risks relating to future events and other risks, uncertainties and assumptions.

Save as required by law, or by the Listing Rules, the Prospectus Regulation Rules, the Disclosure and Transparency Rules or the Disclosure Requirements, the Directors of the Company explicitly disclaim any intention or obligation or undertaking to release publicly the results of any revisions to any forward-looking statements in this document that may occur due to any change in the Directors of the Company's expectations or to reflect events or circumstances after the date of this document.

Nothing in this section should be interpreted as qualifying the working capital statement in section 8 of Part VI (*Additional Information*) of this document.

2. NON-IFRS MEASURES

In this document, certain financial measures are presented that are not recognised or defined by IFRS, including "Adjusted EBITDA". Adjusted EBITDA presented in this document is a supplemental non-IFRS measure of the financial performance of each of the ContourGlobal Group and the Target Group. Therefore, these measures may not be directly comparable with other companies' non-IFRS measures, including those in the ContourGlobal Group's industry. Non-IFRS measures should be considered in addition to, and are not intended to be a substitute for, or superior to, IFRS measurements.

The ContourGlobal Group presents reported and adjusted financial information in order to help Shareholders better understand its operational performance and financial position. Total reported financial information represents the overall performance and financial position, but can contain significant unusual or non-operational items or involve calculations that may obscure understanding of the key trends and position. Certain non-IFRS performance measures can be, and are, reconciled to information presented in the financial statements. Other financial key performance measures are calculated using information which is not presented in the financial statements and is based on, for example, average exchange rates.

Adjusted EBITDA is included in this document because management considers it to be an important supplemental measure of performance and a basis upon which to assess performance. The ContourGlobal Group uses Adjusted EBITDA for business planning purposes and in measuring its performance relative to that of its competitors. The ContourGlobal Group believes that the presentation of Adjusted EBITDA for each of the ContourGlobal Group and the Target Group enhances Shareholders' understanding of the respective financial performance of the ContourGlobal Group and the Target Group. The ContourGlobal Group believes that Adjusted EBITDA will provide Shareholders with a useful tool for assessing the comparability between periods of the ability of each of the ContourGlobal Group and the Target Group to generate cash from operations sufficient to pay taxes, to service debt and to undertake capital expenditures. The ContourGlobal Group's management also believes Adjusted EBITDA is useful to Shareholders because it and similar measures are frequently used by securities analysts, investors, ratings agencies and other interested parties to evaluate other companies in the ContourGlobal Group's industry.

Adjusted EBITDA does not include any adjustments for growth projects not currently under contract or future acquisitions.

The use of Adjusted EBITDA instead of IFRS net income / (loss) has limitations as an analytical tool, and Shareholders should not consider Adjusted EBITDA in isolation, or as a substitute for analysis of the respective results of each of the ContourGlobal Group and the Target Group as reported under IFRS. The limitations include:

- (A) Adjusted EBITDA does not reflect cash maintenance capital expenditures, construction capital expenditures and acquisition expenditures or future requirements for capital expenditures or contractual commitments;
- (B) Adjusted EBITDA does not reflect changes in, or cash requirements for, working capital needs;
- (C) Adjusted EBITDA does not reflect significant interest expense, or the cash requirements necessary to service interest or principal payments, on debt;
- (D) Adjusted EBITDA does not reflect any cash income taxes that may be required to be paid;
- (E) Assets are depreciated or amortised over estimated useful lives and often have to be replaced in the future, and Adjusted EBITDA does not reflect any cash requirements for such replacements; and
- (F) Adjusted EBITDA does not adjust for all non-cash income or expense items that are reflected in the respective statements of cash flows of each of the ContourGlobal Group and the Target Group.

Because of these limitations, Adjusted EBITDA should not be considered as a measure of discretionary cash available to invest in growth or a measure of cash that will be available to meet obligations. Shareholders should compensate for these limitations by relying primarily on the IFRS results of the ContourGlobal Group which are incorporated by reference into this document and of the Target Group in Part IV (*Historical Financial Information on the Target Group*) of this document and using Adjusted EBITDA supplementally.

"Adjusted EBITDA" as used in this document is defined as profit from continuing operations before income taxes, net finance costs, depreciation and amortization, acquisition related expenses, plus net cash gain or loss on sell down transactions (in addition to the entire full year profit from continuing operations for the business the Disposal relates to) and specific items which have been identified and material items where the accounting diverges from the cash flow and therefore does not reflect the ability of the assets to generate stable and predictable cash flows in a given period, less the ContourGlobal Group's share of profit from non-consolidated entities accounted for on the equity method, plus the ContourGlobal Group's pro rata portion of Adjusted EBITDA for such entities. In determining whether an event or transaction is adjusted, management considers quantitative as well as qualitative factors such as the frequency or predictability of occurrence.

The tables below set out the reconciliations of net profit / (loss) for each of the ContourGlobal Group and the Target Group to Adjusted EBITDA for the periods for which Adjusted EBITDA is disclosed in this document. Net profit / (loss) for each of the ContourGlobal Group and the Target Group, and the corresponding adjustments made in the following tables, for the twelve months ended 31 December 2021:

2.2 The ContourGlobal Group

	Twelve months Ended 31 December 2021
	(in \$ millions)
Net profit	79.7
Income tax expense	63.2
Finance costs, net ^(a)	249.2
Depreciation and amortization	399.2
Share of profit in joint ventures and associates ...	(16.2)
Share of Adjusted EBITDA in joint ventures and associates ^(b)	27.0
Acquisition related items ^(c)	14.2
Mexico CHP fixed margin liability ^(d)	(5.5)
Change in finance lease and financial concession ^(e)	37.9
Brazil Hydro concession extension ^(f)	(5.5)
Other	(1.7)
Adjusted EBITDA	<u>841.5</u>

Notes:

- (a) Includes Finance income, Finance costs and realized and unrealized exchange gains and losses and change in fair value of derivatives.
- (b) Corresponds to the ContourGlobal Group's share of Adjusted EBITDA of plants accounted for under the equity method (Sochagota and TermoemCali) which are reviewed by our chief operating decision maker as part of our Thermal Energy segment.
- (c) Relate primarily to pre-acquisition costs such as professional fees, due diligence costs and bargain purchase gains.
- (d) Reflects an adjustment to align the recognized earnings with the cash flows generated under the CHP Mexico fixed margin swap.
- (e) Reflects an adjustment to align the recognized earnings with the cash flows generated under finance lease and financial concession arrangements.
- (f) Reflects the non-cash gain recognized due to Generating Scaling Factor ("GSF") settlement in Brazil Hydro whereby a concession extension has been granted to compensate for historical GSF liability payments made prior to acquisition of the assets by ContourGlobal.

2.3 The Target Group

As set out in section 3 of Part I (*Letter from the Chairman*), prior to Closing of the Disposal, certain assets and liabilities relating to thermal power generation in Brazil which are currently owned by branches of the Target will be transferred by means of a partial spin-off to entities owned by the Retained Group. The historical financial information of the Target Group in this document reflects the Disposal perimeter and therefore does not include the thermal power generation assets that will remain within the Retained Group.

	Twelve months ended 31 December 2020	Twelve months ended 31 December 2021
	(in \$ millions)	
Net profit	14.2	19.5
Income tax expense	1.7	2.0
Finance costs, net	12.8	19.9
Depreciation and amortization	5.9	6.0
Brazil Hydro concession extension ⁽¹⁾	—	(5.5)
Adjusted EBITDA⁽¹⁾	<u>34.6</u>	<u>41.9</u>

Note:

- (1) The adjustment in relation to the Brazil Hydro concession extension is the only adjustment made to the EBITDA (combined profit / (loss) from continuing operations before income taxes, net finance costs, depreciation and amortisation) of ContourGlobal in order to establish its Adjusted EBITDA that applies to the Target Group results for the year ended 31 December 2021. There is no difference between the Target Group's EBITDA and Adjusted EBITDA for the year ended 31 December 2020.

3. INDUSTRY AND MARKET DATA

All market and other information regarding the power industry contained in this document has been extracted from official and industry sources and other sources unless otherwise stated. In the case of statistical information, similar statistics may be obtainable from other sources, although the underlying assumptions and methodology, and consequently the resulting data, may vary from source to source.

Where information contained in this document has been sourced from third-party reports and industry publications, the Company and the Directors confirm that such information has been accurately reproduced and, so far as they are aware and have been able to ascertain from that published information, no facts have been omitted which would render the reproduced information inaccurate or misleading and authorisation for including such information in this document has been obtained where required. The accuracy of such third-party information and of the data supporting such information has not been audited or independently verified by the Company.

4. ROUNDING

Percentages and certain amounts included in this document have been rounded for ease of preparation. Accordingly, numerical figures shown as totals in certain tables may not be the exact arithmetic aggregations of the figures that precede them. In addition, certain percentages and amounts contained in this document reflect calculations based on the underlying information prior to rounding and, accordingly, may not conform exactly to the percentages or amounts that would be derived if the relevant calculations were based upon the rounded numbers.

5. CURRENCY AND EXCHANGE RATE PRESENTATION

In this document references to:

- (A) “£” or “GBP” are to the lawful currency of the United Kingdom;
- (B) “€”, “EUR” or “Euro” are to the lawful currency of the euro area in the European Union;
- (C) “\$”, “US\$”, “USD” or “US dollars” are to the lawful currency of the United States; and
- (D) “BRL” or “Brazilian *reais*” are references to the lawful currency of Brazil.

Unless otherwise indicated, the financial information contained in this document has been expressed in US dollars. The ContourGlobal Group prepares its financial information in US dollars.

The bases of translation of foreign currency transactions and amounts in the financial information set out in the Target Group’s historical financial information in Part IV (*Historical Financial Information on the Target Group*) of this document are described in that part. Unless otherwise stated, information derived from this financial information set out elsewhere in this document has been translated on the same basis.

6. REFERENCES TO TIME

Unless otherwise stated, all references to time in this document are to the time in London, United Kingdom.

7. DEFINED TERMS

Certain terms used in this document, including capitalised terms and certain technical and other terms, are defined in Part VII (*Definitions*) of this document.

8. PRO FORMA FINANCIAL INFORMATION

Information in relation to pro forma financial information of the Retained Group is provided in Part V (*Unaudited Pro Forma Financial Information on the Retained Group*) of this document.

9. NO PROFIT FORECAST OR PROFIT ESTIMATE

Unless otherwise stated, no statement in this document is intended as a profit forecast or profit estimate for any period and no statement in this document should be interpreted to mean that earnings, earnings per share or

income, cash flow from operations or free cash flow for the ContourGlobal Group, the Target Group or the Retained Group, as appropriate, for the current or future financial years would necessarily match or exceed the historical published earnings, earnings per share or income, cash flow from operations or free cash flow for the ContourGlobal Group, the Target Group or the Retained Group, as appropriate.

10. INCORPORATION BY REFERENCE

Information in relation to information incorporated by reference into this document is provided in section 12 of Part VI (*Additional Information*) of this document.

11. PUBLICATION ON WEBSITE

Copies of the documents listed in section 13 of Part VI (*Additional Information*) of this document (other than the Share Purchase Agreement) are available for inspection on the Company's website at <http://www.contourglobal.com> and are also available for inspection as provided in such section.

12. NO OFFER OR SOLICITATION

This document is not a prospectus and it does not constitute or form part of any offer or invitation to purchase, acquire, subscribe for, sell, dispose of or issue, or any solicitation of any offer to sell, dispose of, purchase, acquire or subscribe for, any security.

Directors, Company Secretary, Registered Office and Advisers

Directors	Craig A. Huff Joseph C. Brandt Stefan L. Schellinger Daniel Camus Mariana Gheorghe Dr. Alan R. Gillespie Alejandro Santo Domingo Ronald F. Trächsel Gregg M. Zeitlin	Chairman President and Chief Executive Officer Executive Vice President, Global Chief Financial Officer Independent Non-Executive Director Independent Non-Executive Director Senior Independent Non-Executive Director Non-Executive Director Independent Non-Executive Director Non-Executive Director
Company Secretary	LDC Nominee Secretary Limited 100 Bishopsgate London EC2N 4AG	
Registered Office	55 Baker Street London W1U 8EW	
Sole Sponsor	Investec Bank plc 30 Gresham Street London EC2V 7QP	
Legal Advisers to the Company as to English Law	Slaughter and May One Bunhill Row London EC1Y 8YY	
Legal Advisers to the Company as to Brazilian law	Pinheiro Neto Advogados Rua Hungria 1100 São Paulo, SP, Brazil 01455906	
Reporting Accountant	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH	
Registrar	Equiniti Limited Aspect House Spencer Road Lancing West Sussex BN99 6DA	

Part I
Letter from the Chairman

CONTOURGLOBAL PLC

(Incorporated and registered in England and Wales, Registration No. 10982736)

Directors:

Craig A. Huff (*Chairman*)
Joseph C. Brandt (*President and Chief Executive Officer*)
Stefan L. Schellinger (*Executive Vice President, Global Chief Financial Officer*)
Daniel Camus (*Independent Non-Executive Director*)
Mariana Gheorghe (*Independent Non-Executive Director*)
Dr. Alan R. Gillespie (*Senior Independent Non-Executive Director*)
Alejandro Santo Domingo (*Non-Executive Director*)
Ronald F. Trächsel (*Independent Non-Executive Director*)
Gregg M. Zeitlin (*Non-Executive Director*)

Registered Office:

55 Baker Street
London
W1U 8EW

8 April 2022

To the holders of Ordinary Shares and, for information purposes only, to persons with information rights

Dear Shareholder,

Proposed Disposal of the Brazil Hydro-Electric Generation Business

1. INTRODUCTION

On 20 January 2022, ContourGlobal announced that Kani Lux Holdings S.à r.l. (a majority-owned subsidiary of ContourGlobal) (the “**Seller**”) had reached agreement with Infraestrutura Brasil Holding XVII S.A. (the “**Buyer**”) to sell the entire issued share capital of Contour Global do Brasil Participações S.A. (the “**Target**” and the “**Target Shares**”), on the terms and subject to the conditions set out in the Share Purchase Agreement. The Target and its subsidiaries (the “**Target Group**”) own nine run-of-river hydro-electric generating plants operating under long-term contracts with 168MW of gross capacity in Brazil (the “**Brazil Hydro-Electric Generation Business**”). The consideration payable by the Buyer to the Seller for the Target Shares is BRL1.73 billion (\$313 million USD)¹ (including the assumption of net debt and other customary adjustments), in cash. Taking account of ContourGlobal’s underlying share of ownership of the Seller and net of applicable tax, the Company expects to receive an amount of approximately \$110 million USD from the Disposal (the “**Consideration**”).

The principal terms of the Disposal are described in more detail in section 4 of this letter and Part III (*Summary of the Principal Terms and Conditions of the Disposal*) of this document.

In view of its relative size in relation to the ContourGlobal Group, the Disposal is classified under the Listing Rules as a Class 1 transaction and therefore is conditional on, amongst other things, the approval of Shareholders.

As further detailed in section 10 below, the Company has sought and obtained a sufficient irrevocable undertaking from its majority Shareholder providing ContourGlobal with the authority to implement the Disposal substantially on the terms and subject to the conditions of the Share Purchase Agreement.

The purpose of this letter is to explain (i) the background to and the reasons for the Disposal, (ii) why the Board considers the Disposal to be in the best interests of ContourGlobal and its Shareholders as a whole and (iii) the basis on which the Disposal has been approved by the requisite majority of ContourGlobal’s Shareholders by way of an irrevocable undertaking, in accordance with the FCA’s Statement of Policy and the temporary modification to the Listing Rules.

This document is for information purposes only. In accordance with the FCA’s Statement of Policy and the temporary modifications to the Listing Rules, in view of the irrevocable undertakings received from Shareholders (as described in section 10 of this letter) the FCA has granted the Company a dispensation from the normal requirement to convene a general meeting for the purposes of considering and, if thought fit, approving the Disposal as a Class 1 transaction. Accordingly, no voting or other action is required from Shareholders.

¹ At an exchange rate 1 BRL = 0.181159 USD.

Following the publication of this document, and subject to the satisfaction or (where applicable) waiver of the remaining Conditions to which the Disposal is subject (as summarised in Part III (*Summary of the Principal Terms and Conditions of the Disposal*) of this document), the Disposal will be implemented on the terms set out in the Resolution.

2. BACKGROUND TO AND REASONS FOR THE DISPOSAL

In 2021, ContourGlobal announced that it had started the process of monetizing its renewables business in Brazil, in order to unlock value for Shareholders and close the gap between the Company's share price and the intrinsic value of ContourGlobal's assets, which is currently more accurately reflected in private market valuations. The Disposal of the Target Group represents a first step in this direction.

The Board believes that the Disposal presents the following, notable opportunities:

- **Unlocks value for Shareholders reflecting value in excess of that implied for the Brazil Hydro-Electric Generation Business in ContourGlobal's stock price:** The Board believes that the Disposal creates compelling value for the Shareholders with an implied valuation for the Target Group of 9.7x LTM Q3 2021 EV/EBITDA. ContourGlobal's Brazilian assets, including the Brazil Hydro-Electric Generation Business being divested, do not meaningfully contribute to ContourGlobal's cash flow available for debt service ("CFADS"); however, the Disposal will instead deliver significant Consideration of approximately \$110 million USD that will instead be available for capital allocation to create Shareholder value and returns.
- **Strengthens ContourGlobal's balance sheet and enables more effective capital allocation:** The Disposal is cash flow and credit accretive and strengthens ContourGlobal's balance sheet. As mentioned above, ContourGlobal's Brazilian assets, including the Brazil Hydro-Electric Generation Business being divested, do not meaningfully contribute to the ContourGlobal's CFADS, the key credit metric under ContourGlobal's bond indenture. In 2021, CFADS for the ContourGlobal Group was approximately \$367 million USD of which 8% represented the Target Group's contribution to the ContourGlobal Group's total CFADS. ContourGlobal will nevertheless receive significant Consideration of approximately \$110 million USD which will be available for capital allocation. ContourGlobal will determine whether to re-invest the expected Consideration into new growth opportunities in low carbon power generation or whether to return capital to Shareholders consistent with its capital allocation strategy.
- **Represents a major step in the exit of the only meaningful non-EUR or USD currency exposure for the ContourGlobal Group:** As a result of the Disposal, the non EUR or USD Adjusted EBITDA currency exposure for the ContourGlobal Group will decrease from 14% to 10%.²

3. INFORMATION ON THE TARGET GROUP

The Target Group operates a power generation business and specialises in acquiring and developing power generation services. It owns nine run-of-river hydro-electric generating plants operating under long-term contracts with 168MW of gross capacity (which together constitute the ContourGlobal Group's Brazil Hydro-Electric Generation Business):

- **São Domingos II**—São Domingos II was ContourGlobal Group's first completed small hydropower project. Located in Goiás, in the heart of the Brazilian savanna, São Domingos II has an installed capacity of 24.7 MW. The facility's performance ranks it in the top decile of hydro-electric power plants in international benchmarking. São Domingos II has a 1.5 Km² reservoir and is powered by three 8.3 MW turbines and one 0.4 MW turbine and is connected through a 138kV transmission line to the local distribution substation.
- **Galheiros**—The Galheiros 12.1 MW hydro-electric power plant in the state of Goiás was ContourGlobal Group's second run-of-river investment in Brazil. With a 0.5 Km² reservoir and powered by two 6.3 MW turbines, Galheiros is connected through a 138kV transmission line to the local distribution substation.
- **Afluenta G**—Located in the Bahia State, Afluenta G consists of two hydro power plants (Presidente Goulart and Alto Fêmeas) with a total of 18.7 MW of installed capacity and powered by two 4.8 MW turbines and three 3.6 MW turbines, respectively.

² Based on the full year 2021 of the Retained Group's adjusted EBITDA.

- **Sítio Grande**—Located in the Bahia State, Sítio Grande small hydro power plant has 25.0 MW of installed capacity, a 0.8 Km² reservoir and is powered by two Francis 12.8 MW turbines.
- **Goiás Sul**—Goiás Sul comprises two hydro power plants located in the state of Goiás, Brazil: SHP Goiandira and SHP Nova Aurora. SHP Goiandira has two Francis turbines totalling 27.0 MW of installed capacity, with a 6.4 Km² reservoir. SHP Nova Aurora has two Francis turbines totalling 21.0 MW, with a 6.8 Km² reservoir.
- **Rio PCH**—Rio PCH is comprised of two hydro power plants located in the state of Rio de Janeiro, Brazil: SHP Pirapetinga and SHP Pedra do Garrafão. SHP Pirapetinga has two Francis horizontal turbines totaling 20.0 MW of installed capacity. SHP Pedra do Garrafão has 19.0 MW distributed in two Francis vertical turbines.

The hydro-electric generating power plants that comprise the Brazil Hydro-Electric Generation Business were developed, constructed or acquired by the ContourGlobal Group.

Prior to Closing of the Disposal, certain assets and liabilities relating to thermal power generation which are currently represented by branches of the Target Group will be transferred by means of a partial spin-off to entities comprising the Retained Group (please see section 4 of Part III (*Summary of the Principal Terms and Conditions of the Disposal*) of this document for further details).

The following summary of the financial results of the Target Group for each of the years ended 31 December 2019, 2020 and 2021 has been extracted without material adjustments from the financial information contained in Part IV (*Historical Financial Information on the Target Group*) of this document.

	Year ended 31 December 2019	Year ended 31 December 2020	Year ended 31 December 2021
	In \$ millions		
Revenue	59.4	50.1	51.4
Gross profit	32.3	29.0	41.4
Income from operations	32.3	28.7	41.4
Profit before income tax	12.6	15.9	21.5
Net profit	10.4	14.2	19.5

As of 31 December 2021 the Target Group had a gross asset value of \$175.2 million USD.

4. INFORMATION ON THE BUYER

The Buyer is an investment vehicle of Patria Investments. Patria Investments is a leading alternative investment firm focused in Latin America, with over 30 years of history and managing products across Private Equity, Infrastructure, Credit, Public Equities and Real Estate. As of 30 September 2021, including the combination with Moneda Asset Management which closed on 1 December 2021, the combined platform had nearly \$25 billion USD of assets under management, with a global presence in 11 offices across 4 continents.

5. SUMMARY OF THE KEY TERMS OF THE DISPOSAL

Pursuant to the Share Purchase Agreement, the Buyer has agreed to acquire from the Seller the entire issued capital of the Target for consideration of BRL1.73 billion (\$313 million USD)³ (including the assumption of net debt and other customary adjustments), equating to an equity value of BRL 897,923,000 (\$162.7 million USD)⁴, subject to certain customary post-closing adjustments in respect of net debt and working capital. The Share Purchase Agreement is governed by Brazilian law.

Closing of the Disposal is conditional upon the satisfaction or waiver of certain conditions under the Share Purchase Agreement, including: (i) the Shareholder Approval Condition; (ii) certain regulatory approvals in Brazil; (iii) completion of a pre-Closing reorganization; and (iv) certain consents or waivers being obtained from third parties who are counterparties to various agreements with members of the Target Group.

³ At an exchange rate 1 BRL = 0.181159 USD.

⁴ At an exchange rate 1 BRL = 0.181159 USD.

The Seller and the Buyer have the right to terminate the Share Purchase Agreement in certain circumstances, including: (i) if the Disposal has not closed by the Long Stop Date; (ii) if certain Closing obligations have not been complied with; and (iii) in the case of the Buyer only, if certain warranties given by the Seller are breached before Closing (or would be breached upon Closing).

The Seller has given covenants customary for a Brazilian-law governed acquisition of the size and nature of the Disposal regarding the conduct of the business of the Target Group between the date of the Share Purchase Agreement and Closing, including customary obligations on the Seller to procure that the Target Group does not do (or omit to do) certain acts prior to Closing. The Seller has also provided warranties and indemnities to the Buyer that are customary for a Brazilian-law governed acquisition of the size and nature of the Disposal. The warranties and indemnities are subject to customary qualifications and limitations.

In addition, the Company has entered into an English law deed of guarantee, dated 20 January 2022, to guarantee the payment obligations of the Seller under the Share Purchase Agreement.

Further details of the Share Purchase Agreement and associated Transaction Documents are set out at Part III (*Summary of the Principal Terms and Conditions of the Disposal*) of this document.

6. USE OF PROCEEDS AND FINANCIAL EFFECTS OF THE DISPOSAL

Use of proceeds

ContourGlobal expects proceeds from the Disposal net of tax and reflecting ContourGlobal's underlying share of ownership of the Target to be approximately \$110 million USD. ContourGlobal will determine whether to re-invest the expected Consideration into new growth opportunities in low carbon power generation or return capital to Shareholders consistent with its capital allocation strategy and circumstances when the Disposal closes, expected in Q2 2022.

Financial effects of the Disposal on the Retained Group

The Target Group contributed (i) \$34.6 million of underlying Adjusted EBITDA for the 12 months ended 31 December 2020 and (ii) \$41.9 million of underlying Adjusted EBITDA for the 12 months ended 31 December 2021. Following Closing, the Retained Group will no longer receive this contribution that the Target Group currently makes to the consolidated trading profit of the ContourGlobal Group.

Following Closing of the Disposal, the non-EUR or non-USD Adjusted EBITDA currency exposure for the ContourGlobal Group will decrease from 14% to 10%.⁵

The ContourGlobal Group may also incur restructuring and incremental costs relating to the separation of the Target Group from the Retained Group and the pre-Closing Reorganisation.

The effects of the Disposal upon the net assets of the ContourGlobal Group are set out in Part V (*Unaudited Pro Forma Financial Information of the Retained Group*) of this document.

For additional benefits which are expected to accrue to ContourGlobal as a result of the Disposal, please see section 2 of Part I (*Letter of the Chairman*) of this Document.

7. CURRENT TRADING, TRENDS AND PROSPECTS

On 18 March 2022, the Company published its preliminary results announcement which included the following summary of the significant trends in the recent financial performance of the ContourGlobal Group:

- *Record financial performance with revenue up 53% to \$2,152 million*
- *Adjusted EBITDA up 17%, 15% on constant currency basis to \$842 million*
- *Funds from Operations up 16% to \$440 million*
- *Record CFADS of \$367m up 34% year-on-year*
- *Income from Operations up 20% to \$370 million*
- *Dividend up 10%, in line with our progressive dividend growth policy and representing a dividend coverage¹ of 2.8x*

⁵ Based on the full year 2021 estimate of the Retained Group's Adjusted EBITDA.

¹ Dividend cover is a non-IFRS measure and is defined as "Parent Company free cash flow" (CFADS, less Corporate Bond interest), relative to the total paid dividend for the year.

Throughout 2021, and with one important exception, our performance across the business was strong. I am particularly pleased with our robust financial performance in the second half of the year. In FY 2021, we achieved a record adjusted EBITDA of \$842 million while maintaining our 10% year-on-year dividend growth policy and a solid cash conversion ratio² of 52%. We also delivered record CFADS of \$367 million, up 34% over the previous year.

We closed the acquisition of Western Energy Group in the first quarter of 2021 and the financial results of these plants in the United States and Trinidad have been better than planned. We also made excellent progress on the repowering of our portfolio of wind farms in Austria and executed a further bolt on solar acquisition in Italy. In early January 2022, we signed the sale of our Brazil hydro business at an attractive valuation, the first step in the divestiture of our Brazil renewables portfolio.

We are confident about our growth prospects and ability to create value through a combination of operationally led value accretive M&A and greenfield development in both the thermal and renewable space. As with the sale of our Brazilian renewables business, we will continue to take major steps to unlock and return value for shareholders as evidenced by the more than 50 pence per share returned to shareholders in the past four years.

The European power markets are experiencing unprecedented stress owing to Russia's invasion of Ukraine. Our European portfolio is highly diversified and this diversification is a source of robust resilience. We see significant opportunity in this market and believe the diversity of our global business is a source of risk mitigation underpinning our financial commitments including our dividend increases. Looking forward to 2022 and beyond, we remain confident and committed to creating value and delivering attractive risk adjusted returns for our shareholders.

Current trading and outlook

- *Positive outlook for future growth, value realization and return of capital to shareholders*
- *The current financial year has started positively and overall trading across the Group is ahead of the Board's expectations*
- *The Company's trading continues to underpin the Board's confidence in the continued growth in dividends to shareholders*

8. RELATED PARTY TRANSACTION

As more fully described in paragraph 3.5 of Part VI (*Additional Information*) of this document, Joseph C. Brandt (President, Chief Executive Officer and Executive Director) and Alejandro Santo Domingo (non-independent Non-Executive Director) hold certain indirect economic interests in the Brazil Hydro-Electric Generation Business. These interests substantially pre-date the IPO of the Company, are unchanged from that period and have not been amended or affected by the Disposal or its terms. As a result of the existence of these interests, it has been determined that the Disposal constitutes a related party transaction for the purposes of the Listing Rules. Assuming the maximum theoretical consideration, in the case of Mr. Brandt, it results in an exempt transaction, and in the case of Mr. Santo Domingo, a smaller related party transaction under LR 11.1.10R(1). The Company has obtained written confirmation from Investec as Sponsor that the terms of the Disposal are fair and reasonable as far as the Shareholders of the Company are concerned.

The above interests have been disclosed to the Board on a number of occasions, including in relation to the Disposal and have been the subject of public disclosures by the Company including in its Prospectus and Annual Report. The conclusion of the directors other than Mr. Brandt and Mr. Santo Domingo was that these interests could not reasonably be regarded as giving rise to a conflict of interest, including because the interests of the Company, Mr. Brandt and Mr. Santo Domingo are fully aligned.

9. FCA DISPENSATION FROM THE REQUIREMENT TO CONVENE A GENERAL MEETING

On 8 April 2020, the FCA published its Statement of Policy aimed at assisting companies required to hold general meetings under the Listing Rules. To address the challenges faced by listed companies during the

² Cash conversion ratio is a non-IFRS measure and is defined as Funds From Operations relative to Adjusted EBITDA.

COVID-19 pandemic, the FCA has temporarily modified the Listing Rules with regards to Class 1 transactions and the requirement to hold a general meeting. In view of the continued uncertainty that exists with respect to the development of the COVID-19 pandemic; the unpredictable nature of the requirements and restrictions that may be introduced, potentially on short notice, to address changes in the COVID-19 situation; and given the challenges that certain of the Company's Directors (many of whom are based overseas) may face in travelling to and from the United Kingdom to attend a general meeting, the Company has sought from the FCA a dispensation from the requirement to hold a general meeting with respect to the Resolution.

Pursuant to these modifications to the Listing Rules, the FCA has granted the Company a dispensation from the normal requirement to convene a general meeting of its Shareholders as the Company has obtained an irrevocable undertaking from its majority Shareholder holding more than 50 per cent. of the Company's issued share capital (being the requisite majority for the purposes of approving the Disposal as a Class 1 transaction under Chapter 10 of the Listing Rules) confirming that they approve of the Disposal and would vote in favour of the Resolution at a general meeting. As further referred to in section 10 below, the Company has received an irrevocable undertaking from its majority Shareholder to vote in favour of the Resolution in respect of, in aggregate, 468,189,424 Ordinary Shares representing, in aggregate, approximately 71.36 per cent. of the Company's issued share capital (excluding shares held in treasury).

The following text comprises the Resolution approved by ContourGlobal L.P. pursuant to the irrevocable undertaking further detailed in section 10 below and which the Company would have put to its Shareholders at a general meeting to approve the Disposal for the purposes of Chapter 10 of the Listing Rules had the Company been required to convene such a meeting in the event the dispensation available under the Statement of Policy was not granted:

*“**THAT** the proposed acquisition by Infraestrutura Brasil Holding XVII S.A. of the entire issued share capital of Contour Global do Brasil Participações S.A. (the “**Acquisition**”), substantially on the terms and subject to the conditions of the share purchase agreement dated 20 January 2022 by and between (1) Kani Lux Holdings S.à.r.l.; and (2) Infraestrutura Brasil Holding XVII S.A. (the “**Acquisition Agreement**”), and all other agreements and ancillary documents contemplated by the Acquisition Agreement, be and are hereby approved for the purposes of Chapter 10 of the Listing Rules of the Financial Conduct Authority, and the directors of the Company (the “**Directors**”) (or any duly authorised committee thereof) be and are hereby authorised:*

- (A) to do or procure to be done all such acts and things and execute all such agreements and make such arrangements, in each case on behalf of the Company and any of its subsidiaries as the Directors (or any duly authorised committee thereof) consider necessary, desirable or expedient to complete, implement, give effect to, or otherwise in connection with, the Acquisition and/or the Acquisition Agreement and/or the agreements and associated and ancillary arrangements contemplated by the Acquisition Agreement (including, without limitation, the waiver of any condition to the Acquisition Agreement); and*
- (B) to agree such modifications, variations, revisions, waivers, extensions, additions or amendments to any of the terms and conditions of the Acquisition and/or the Acquisition Agreement and/or the agreements and associated and ancillary arrangements contemplated by the Acquisition Agreement and/or to any documents relating to the Acquisition, as the Directors (or any duly authorised committee thereof) may, in their absolute discretion think fit, provided that such modifications, variations, revisions, waivers, extensions, additions or amendments are not material.”*

Given that the Company has received an irrevocable undertaking from its majority Shareholder holding more than 50 per cent. of the Company's issued share capital (being the requisite majority for the purposes of approving the Disposal as a Class 1 transaction under Chapter 10 of the Listing Rules) confirming that they approve of the Disposal and would vote in favour of the Resolution at a general meeting of the Company, the Company is not proceeding with a general meeting with respect to the Resolution.

10. IRREVOCABLE UNDERTAKING

ContourGlobal L.P., the Company's majority Shareholder, holding as at the Latest Practicable Date 468,189,424 Ordinary Shares, representing approximately 71.36 per cent. of the issued share capital of the Company (excluding shares held in treasury), has irrevocably undertaken that it approves the Disposal and would vote in favour of the Resolution at a general meeting of the Company were it to be held (the “**Irrevocable Undertaking**”).

11. FURTHER INFORMATION

Your attention is drawn to the further information in this document and, in particular, Part II (*Risk Factors*) of this document. You should read all of the information contained in this document, and not just rely on the summarised information, including summarised financial information, contained in this Part I.

12. NO ACTION TO BE TAKEN

This document is published for information purposes only. No voting or other action is required from Shareholders. Following the publication of this document, and subject to the satisfaction or (where applicable) waiver of the remaining Conditions to which the Disposal is subject (as summarised in Part III (*Summary of the Principal Terms and Conditions of the Disposal*) of this document), the Disposal will be implemented on the terms set out in the Resolution.

13. CONCLUSION

The Board believes that the Disposal and the Resolution are in the best interests of the Company and Shareholders as a whole. Had the Disposal and the terms of the Resolution not already been approved by Shareholders for the purposes of obtaining the FCA Dispensation, the Board would have unanimously recommended that Shareholders should vote in favour of the Resolution at a general meeting of the Company.

The Board is delighted that (as further detailed in section 10 above) Shareholders representing, in aggregate, 71.36 per cent. of the total voting rights in the Company have supported the proposals set out in this document.

With immediate effect upon publication of this document, the Company will therefore be authorised to implement the Disposal on the terms set out in the Resolution, subject only to the satisfaction or (where applicable) waiver of the remaining Conditions to which the Disposal is subject (as summarised in Part III (*Summary of the Principal Terms and Conditions of the Disposal*) of this document).

Yours faithfully,

Craig A. Huff
Chairman

Part II

Risk Factors

This Part II addresses the risks known to the Company and the Directors which are material risk factors to the proposed Disposal, will be material new risk factors to the ContourGlobal Group as a result of the proposed Disposal, or are existing material risk factors to the ContourGlobal Group which will be impacted by the proposed Disposal. The information given is as of the date of this document and, except as required by the FCA, the LSE, the Listing Rules, the Disclosure Requirements or any other applicable law, will not be updated. Shareholders should consider carefully the risks and uncertainties described below, together with all other information contained or incorporated by reference in this document.

Additional risks and uncertainties currently unknown to the Company and the Directors, or which the Company and the Directors currently deem immaterial or deem material to the Company but which will not result from or be impacted by the proposed Disposal, may individually or cumulatively also have an adverse effect on the business, results of operations, financial condition and/or prospects of the ContourGlobal Group and/or the Retained Group. In such cases, the market price of the Ordinary Shares may decline and investors may lose all or part of their investment.

1. RISKS RELATING TO THE DISPOSAL

1.1 Closing of the Disposal is conditional and the Closing of the Disposal may not occur or may be delayed

Closing of the Disposal is conditional upon the satisfaction or (where legally permitted) waiver of certain Conditions under the Share Purchase Agreement, including: (i) satisfaction of the Shareholder Approval Condition; (ii) certain regulatory approvals in Brazil; (iii) completion of the Reorganisation; and (iv) certain consents or waivers being obtained from third parties who are counterparties to various agreements with members of the Target Group.

Whilst parties have, in the majority of cases, agreed to use “all reasonable endeavours” to satisfy these Conditions as soon as reasonably practicable, there can be no certainty that all of the Conditions will be satisfied or (where legally permitted) waived and the Disposal may therefore not close. There can also be no guarantee that the Conditions will be satisfied or (where legally permitted) waived within the expected time frame. Delay in Closing of the Disposal will prolong the period of uncertainty for the Retained Group and the Target Group and may result in the accrual of additional costs as well as additional management time being spent in connection with the Disposal by each of the Retained Group and the Target Group.

The parties to the Share Purchase Agreement also have certain termination rights, including the ability for the Share Purchase Agreement to be terminated: (i) with the mutual written consent of the Buyer and the Seller; (ii) if Closing has not occurred by the Long Stop Date; (iii) if the other party has breached the Share Purchase Agreement in respect of the Closing arrangements on the Closing date and such breach has not been cured on the deferred Closing date; and (iv) in the case of the Buyer only, if certain warranties given by the Seller are breached before Closing (or would be breached upon Closing). There can be no certainty that the termination rights will not be exercised.

If the Disposal does not proceed to Closing, the ContourGlobal Group will not receive the Consideration and will not realise any of the potential benefits of the Disposal. The ContourGlobal Group will also have incurred material costs in connection with the Disposal. Therefore, the consequences of a material delay in Closing or failure to achieve Closing of the Disposal may have a material adverse effect on the business, results of operations, financial condition or prospects of the ContourGlobal Group, the Target Group or, in the case of a material delay only, the Retained Group.

1.2 ContourGlobal may incur liability under the Share Purchase Agreement

The Seller has provided warranties and indemnities to the Buyer that are customary for a Brazilian-law governed transaction of the size and nature of the Disposal. The ContourGlobal Group has undertaken a customary due diligence and disclosure exercise against the warranties and the Buyer has conducted its own due diligence exercise. Notwithstanding the foregoing, any liability to make a payment arising from a successful claim by the Buyer under any of the relevant provisions of the Share Purchase Agreement would reduce the Consideration and could have an adverse effect on the business and financial condition of the ContourGlobal Group, or if the

Disposal proceeds to Closing, the Retained Group. The ContourGlobal Group's liability in relation to the indemnities it gives under the Share Purchase Agreement are subject to qualifications and limitations which are customary for a Brazilian-law governed transaction of the size and nature of the Disposal.

1.3 The Disposal may have a disruptive impact on the Target Group

Closing of the Disposal will require significant work and resource among Target Group's senior management and employees that could otherwise be spent productively operating the Target Group's business in the ordinary course. The Target Group's management, employees, suppliers and customers may become distracted by the Disposal and any perceived uncertainty as regards the future ownership of the Target Group and may become reluctant to make long-term commitments to the Target Group. If suppliers or customers delay, defer or change commitment decisions, the revenues of the Target Group could be adversely impacted and Target Group could incur increased cost of sales. If key management and employees of the Target Group decide to leave, the Target Group may encounter additional costs in recruiting and attempting to recruit appropriate replacements, and there is no guarantee that the Target Group will be able to identify suitably talented or qualified replacements. Any disruption to Target Group as a result of the Disposal could impact the value, position and prospects of Target Group and the Retained Group, the latter in particular if the Disposal does not proceed to Closing.

1.4 Reputations may be harmed if the Disposal does not proceed to Closing

If the Disposal does not proceed to Closing, there may be an adverse impact on the reputation of ContourGlobal and/or its management as a result of media scrutiny arising in connection with the attempted Disposal. Any such reputational risks could adversely affect the ContourGlobal Group's business, financial prospects or results of operation.

1.5 The pre-Closing Reorganisation could cost more than is expected and cause disruption to the business of the ContourGlobal Group

The ContourGlobal Group will need to undertake the Reorganisation in advance of Closing of the Disposal. The Reorganisation will be complex and will involve the transfer of cash, receivables, tax returns, expenses, contracts, balance sheet provisions, thermal assets (including inventory), intellectual property and employees. The Reorganisation will involve the incurring of costs for ContourGlobal Group, and there is a risk of additional costs that have not been anticipated.

2. NEW RISKS FOR THE GROUP AS A RESULT OF THE DISPOSAL

2.1 The Retained Group will be less diversified

The Disposal, in the event that it Closes, will result in the business of the Retained Group being less diversified. As a consequence, the Retained Group may be more susceptible to adverse developments in the remaining segments and markets in which it operates, including adverse foreign exchange movements in those markets.

In particular, the Retained Group's operations will consist of fewer hydro-electrical power plants and will therefore result in the Retained Group relying more on other parts of its renewable energy segment (such as solar and wind) and its thermal energy segment. In terms of power generation, the ContourGlobal Group's hydro-electrical energy segment (of which the Brazil Hydro-Electric Generation Business being divested forms part) contributed 1,625 GWh of electricity to ContourGlobal Group's total of 21,536 GWh, and represented approximately eight per cent. of the ContourGlobal Group's total power generation.⁶ Assuming Closing of the Disposal, the Retained Group's hydro-electrical energy segment would have only contributed four per cent. to the Retained Group's total power generation during the same period. In addition, the ContourGlobal Group's hydro-electrical energy segment contributed four per cent. of the ContourGlobal Group's consolidated revenue and eight per cent. of ContourGlobal Group's consolidated Adjusted EBITDA.⁷ Following Closing of the Disposal, these percentages are expected to decrease to approximately two per cent. and four per cent., respectively.

From a geographical perspective, the ContourGlobal Group will also be less diversified. Although the Retained Group will remain present in 20 countries, following Closing of the Disposal, the Retained Group's sole hydro-electrical power generator will be located in Armenia.

⁶ Based on the 12 months ended 31 December 2021.

⁷ Based on the 12 months ended 31 December 2021.

Therefore, the Retained Group will become more dependent on the financial performance of its remaining segments, will become more exposed to risks faced by those segments and specifically, be more sensitive to downturns in these segments once the Disposal is Completed.

2.2 The Retained Group's income stream will be reduced

Following Closing, the Retained Group will no longer receive the contribution that the Target Group currently makes to the consolidated trading position of the ContourGlobal Group. For the 12 months that ended on 31 December 2020, the Target Group contributed \$34.6 million USD of underlying adjusted EBITDA and for the 12 months ended 31 December 2021, the Target Group contributed \$41.9 million USD of underlying adjusted EBITDA.

3. EXISTING RISKS FOR THE GROUP THAT MAY BE IMPACTED AS A RESULT OF THE DISPOSAL

3.1 The market price of the Company's Ordinary Shares may fluctuate on the basis of market sentiment surrounding the Disposal

The value of the Company's Ordinary Shares may go down as well as up. The price of Ordinary Shares will be influenced by a large number of factors, some specific to the Retained Group and its operations and some relating to the markets and segments in which the Retained Group operates as a whole. The sentiment of the stock market regarding the Disposal is one such factor. Other factors that may affect ContourGlobal's share price include (but are not limited to) (i) actual or anticipated fluctuations in the financial performance of the Retained Group, (ii) market fluctuations, and (iii) legislative or regulatory changes in the markets and segments in which the Retained Group operates.

3.2 The Retained Group will have greater exposure to the risks resulting from material breaches of its project-level indebtedness

A significant portion of the ContourGlobal Group's, and (following Closing) the Retained Group's, project-level indebtedness is incurred on a non-recourse basis, meaning that (subject to certain guarantees and certain other commitments of ContourGlobal) the debt is repayable solely from the project's revenues and the repayment of the loans (and interest thereon) is secured solely by the capital stock, physical assets, contracts, insurance policies and cash flow of that project subsidiary owing to the ring-fenced nature of the financing. This method of project-level financing is intended to isolate or limit the wider ContourGlobal Group from the financial risk exposure of individual projects. The Directors consider that such arrangements are an important part of the ContourGlobal Group's business model.

Notwithstanding the limiting of risk to the ContourGlobal Group, and (following Closing) the Retained Group, as a whole achieved by these arrangements, a material breach of an obligation to make payment on such project-level indebtedness could still have a material adverse effect on the ContourGlobal Group's, and (following Closing) the Retained Group's, business and financial condition as such a breach could, for example: (i) result in the lenders acquiring the relevant assets or equity securing the project debt (or ContourGlobal having to make a payment to those lenders to prevent such acquisition); (ii) impact ContourGlobal's receipt of payments, including dividends, where the relevant project subsidiary is prohibited from distributing cash whilst in default; and/or (iii) in certain limited circumstances, result in cross-default or the acceleration of payment obligations under other project-level financing arrangements or certain group-level financing arrangements.

Following Closing, the Retained Group will have greater exposure to these risks because the project-level indebtedness where breaches of this kind have historically arisen (or are continuing) sit within the Retained Group (and not within the Target Group). Notably, certain entities within the Retained Group's Chapada I, II and III projects have entered into non-recourse project-level financing arrangements with the Brazil National Development Bank totalling \$170 million, under which the debt service coverage ratio has been breached during relevant historical measurement periods (the "**Chapada Facilities**"). Whilst the necessary waivers in respect of these breaches have previously been obtained, and the Directors expect further waivers to be forthcoming in future periods should they be required, in the event that any required waiver were not obtained and the Chapada Facilities became repayable immediately, all or some of the risks described above could eventuate. Following Closing, the Retained Group will therefore have greater exposure to these risks for the reasons set out above.

This risk factor is not intended to qualify the working capital statement set out in section 8 (*Working capital statement*) of Part VI (*Additional Information*) of this document.

Part III
Summary of the Principal Terms and Conditions of the Disposal

SHARE PURCHASE AGREEMENT

1. PARTIES AND STRUCTURE OF THE DISPOSAL

On 20 January 2022, the Seller and the Buyer entered into the Share Purchase Agreement, pursuant to which the Seller agreed to sell, and the Buyer agreed to purchase, the entire issued share capital of the Target. The Share Purchase Agreement is governed by Brazilian law.

Prior to Closing, certain out-of-scope assets currently owned by the Target Group (including interest in several thermal power generation assets) will be transferred to a legal entity within the Retained Group ahead of Closing (see section 4 of this Part III (*Summary of the Principal Terms and Conditions of the Disposal*) of this document for further details) and will therefore not be sold as part of the Disposal.

The principal terms of the Share Purchase Agreement are summarised below.

2. CONSIDERATION

Pursuant to the Share Purchase Agreement, the Buyer has agreed to acquire from the Seller the entire issued capital of the Target for consideration of BRL1.73 billion (\$313 million USD)⁸ (including the assumption of net debt and other customary adjustments), equating to an equity value of BRL 897,923,000 (\$162.7 million USD)⁹.

The equity consideration payable to the Seller of BRL 897,923,000 BRL (\$162.7 million USD)¹⁰ is subject to (i) adjustment at Closing to reflect the Seller's estimate of differences in net debt and working capital between a set of agreed reference accounts and the position at Closing and (ii) customary post-closing adjustments in respect of net debt and working capital to reflect the actual differences in net debt and working capital between the agreed reference accounts and the position at Closing. These adjustments will account for changes in the Target Group's actual working capital and debt positions measured as at Closing, as against the working capital and the net debt position in the agreed reference accounts.

Taking account of ContourGlobal's underlying share of ownership of the Seller and net of applicable tax, the Company expects to receive Consideration of approximately \$110 million USD.

3. CONDITIONS TO CLOSING

The Disposal is conditional upon satisfaction or mutual waiver of certain Conditions, including:

- (A) CADE having cleared the Disposal (the "**CADE Condition**");
- (B) ANEEL having provided its consent to the Disposal (the "**ANEEL Condition**" and together with the CADE Condition, the "**Regulatory Conditions**");
- (C) no relevant authority having enacted, issued, promulgated, enforced or entered any law that is in effect at the Closing and that has the effect of making the Disposal illegal or otherwise restraining or prohibiting the consummation of the Disposal;
- (D) the dispatching of this document and the publication of an announcement by the Company confirming that the Company (i) has received the irrevocable undertaking from its Shareholder to vote in favour of the Disposal in respect of, in aggregate, 468,189,424 Ordinary Shares representing, in aggregate, approximately 71.36 per cent. of the Company's issued share capital (excluding shares held in treasury) and (ii) is not proceeding with a general meeting of Shareholders in respect of the Disposal, the Shareholder Approval Condition will therefore be satisfied (the "**Shareholder Approval Condition**").
- (E) completion of the Reorganisation (as described in section 4 below) (the "**Reorganisation Condition**"); and
- (F) certain waivers in connection with debentures issued by the Target on 5 October 2021 and by Santa Cruz Power Corporation Usinas Hidroelétricas S.A on 15 June 2013 having been obtained (or other steps having been taken such that such waivers are no longer required) (the "**Consent Condition**"), (the "**Conditions**").

⁸ At an exchange rate 1 BRL = 0.181159 USD.

⁹ At an exchange rate 1 BRL = 0.181159 USD.

¹⁰ At an exchange rate 1 BRL = 0.181159 USD.

If any of these Conditions remain unsatisfied on 20 October 2022 (or such other date as may be agreed in writing between the Seller and the Buyer) (the “**Longstop Date**”) then either the Buyer or the Seller may (in their respective sole discretions) terminate the Share Purchase Agreement by notice to the other.

Under the terms of the Share Purchase Agreement, the Buyer has agreed to take (and procure the taking by any member its corporate group of) any and all action necessary to fulfil or procure the fulfilment of each Regulatory Condition as soon as reasonably practicable following the date of the Share Purchase Agreement and in any event before the Longstop Date. The Buyer has also agreed that it will not (and will procure that no member of its corporate group shall) withdraw any filing, notification or submission made to any authority in relation to the satisfaction of the Regulatory Conditions without the prior written consent of the Seller.

Under the terms of the Share Purchase Agreement, the Seller has agreed to use, and procure that the ContourGlobal Group (and, in the case of the Shareholder Approval Condition, the Company) use, all reasonable endeavours to procure the satisfaction of the Shareholder Approval Condition, the Reorganisation Condition and the Consent Condition as soon as reasonably practicable following the date of the Share Purchase Agreement.

4. REORGANISATION

As a Condition to Closing, certain out-of-scope assets currently owned by the Target Group will be transferred by means of a partial spin-off to a legal entity within the Retained Group. The assets and liabilities to be carved out under the re-organisation include cash, receivables, tax returns, expenses, contracts, balance sheet provisions (assets and liabilities), thermal assets (including inventory) and certain pieces of intellectual property (the “**Reorganisation**”).

5. CONDUCT OF BUSINESS BETWEEN SIGNING AND CLOSING

The Seller has agreed in the period up to Closing that the business of the Target Group shall be carried on in the ordinary course of business consistent with past practice for the 12 months prior to the date of the Share Purchase Agreement and in accordance with applicable law. The Seller has also agreed to limitations on the conduct of the business of the Target Group in the period prior to Closing which are customary for a Brazilian-law governed acquisition of this size and nature.

6. WARRANTIES, INDEMNITIES AND LIMITATIONS ON LIABILITY

The Seller has given warranties to the Buyer that are customary for a Brazilian-law governed acquisition of this size and nature. These include, among other things, warranties in respect of (i) the Seller’s power and authority to enter into and perform the Share Purchase Agreement; (ii) compliance with anti-bribery and sanction laws; (iii) the Seller’s legal and beneficial title to the Target Shares; (iv) the organisation and standing of the Seller and Target Group; (v) the solvency of the Seller and the Target Group; (vi) the constitutional documents and statutory books of the Target Group; (vii) financial statements of the Target Group and events since the most recent audited financial statements; (viii) material agreements of the Target Group; (ix) matters relating to licences, permits and regulatory authorisations necessary for conducting the business of the Target Group; (x) assets of the Target Group; (xi) employee-related and employee benefit matters; (xii) intellectual property; (xiii) information technology; (xiv) insurance; (xv) real-estate matters; (xvi) environmental matters; (xvii) litigation; and (xviii) taxation.

The Seller has also given a warranty to the Buyer in respect of compliance with the terms of, pending claims for indemnification under, and indemnification payments received pursuant to, an acquisition agreement entered into on 28 November 2016 in relation to the acquisition of Afluente Geração de Energia Elétrica S.A., Bahia PCH I S.A., Goiás Sul Geração de Energia S.A. and Rio PCH I S.A.

Under the Share Purchase Agreement, the Seller and Buyer have agreed to an ‘our-watch-your-watch’ indemnity customary for a Brazilian-law governed acquisition of this size and nature, whereby (i) the Seller will indemnify the Buyer in respect of any liability that the Buyer, members of its corporate group, and with effect from Closing, each member of the Target Group incurs in connection with third party claims arising from acts, facts or omissions related to the Target Group that have taken place prior to Closing, and (ii) the Buyer will indemnify the Seller in respect of liability that the Seller or the Retained Group incurs in connection with for third party claims arising from acts, facts or omission related to the Target Group that take place after Closing. The Seller has also agreed to indemnify the Buyer in respect of liability that the Buyer incurs after Closing in connection with certain matters including (i) the implementation of the Reorganisation, accrued costs associated with, and

the ownership, operation, or disposal of the out-of-scope assets (the “**Reorganisation Indemnity**”); and (ii) any Brazilian withholding tax on capital gains that may arise as a result of the Disposal.

The Share Purchase Agreement contains certain customary financial limitations, time limitations and other limitations and exclusions on the ability of the Buyer to claim against the Seller under the warranties and indemnities.

7. TERMINATION RIGHTS

The Share Purchase Agreement contains provisions giving the Buyer and/or the Seller the right to terminate the Share Purchase Agreement in certain circumstances on or before Closing. The Share Purchase Agreement may be terminated, among other circumstances:

- (A) by either the Buyer or the Seller if the Conditions to Closing remain unsatisfied by 17.30 on the Longstop Date; or
- (B) by the Buyer if at any time before Closing one or more of certain prescribed warranties of a fundamental nature under the Share Purchase Agreement are breached (or would be breached at Closing), the Buyer provides 20 Business Days’ written notice of the breach to the Seller, and such breach is not cured within such 20 Business Days’ notice period.

Additionally, if either the Seller or the Buyer does not or cannot fulfil its completion arrangement obligations at the time Closing is due to take place, the non-defaulting party will have postponement and subsequent termination rights.

8. GOVERNING LAW AND JURISDICTION

The Share Purchase Agreement is governed by the laws of Brazil. Disputes and claims under the Share Purchase Agreement are to be settled by arbitration, to be administered by the International Chamber of Commerce.

PARENT COMPANY GUARANTEE

The Company has provided a guarantee, dated 20 January 2022, in favour of the Buyer under which the Company agrees to guarantee the payment obligations (including any obligation to pay any damages arising under the Share Purchase Agreement) of the Seller under the Share Purchase Agreement (the “**Parent Guarantee**”). The Parent Guarantee is governed by English law.

EQUITY COMMITMENT LETTER

Patria Infraestrutura has provided an Equity Commitment Letter, dated 20 January 2022, in which Patria Infraestrutura undertakes, among other things, to procure that the Buyer will hold sufficient cash to pay the consideration payable under the Share Purchase Agreement (the “**Equity Commitment Letter**”). The Equity Commitment Letter is governed by the laws of Brazil.

TRANSITIONAL SERVICES AGREEMENT

As part of the Disposal, it is envisaged that the Seller, the Buyer and certain affiliates of them will enter into a Transitional Services Agreement. Prior to Closing, the Seller and Purchaser shall negotiate in good faith and use all reasonable endeavours to agree the terms and conditions of a Transitional Services Agreement for the provision, during the 6 months following Closing, of a range of administrative and operational transitional services to the Target Companies.

IRREVOCABLE UNDERTAKING

In accordance with the terms of the Share Purchase Agreement, ContourGlobal L.P., the Company’s majority Shareholder (holding, as at the Latest Practicable Date, approximately 71.36 per cent. of the Company’s issued ordinary share capital (excluding shares held in treasury)), has provided the Irrevocable Undertaking.

Part IV

Historical Financial Information on the Target Group

The following unaudited financial information relating to the Target Group has been extracted without material adjustment from the underlying consolidation schedules used in preparing the ContourGlobal Group's audited consolidated financial statements for the financial years ended 31 December 2019, 31 December 2020, and 31 December 2021.

The financial information in this Part IV has been prepared in accordance with IFRS accounting policies adopted in the ContourGlobal Group's audited consolidated financial statements for each of the financial periods presented. The financial information reflects, therefore, the Target Group's contribution to the ContourGlobal Group during the periods presented, applying the ContourGlobal Group's relevant accounting policies. The income statements and the net assets statement set out below are unaudited.

The financial information contained in this Part IV does not constitute statutory accounts within the meaning of section 434 of the Companies Act.

Shareholders should read the whole document and not rely solely on the historical financial information contained in this Part IV.

Income statement for each of the years ended 31 December 2019, 2020 and 2021

	Year ended 31 December 2019	Year ended 31 December 2020	Year ended 31 December 2021
	In \$ millions		
Revenue	59.4	50.1	51.4
Cost of sales	<u>(27.1)</u>	<u>(21.1)</u>	<u>(10.0)</u>
Gross profit	32.3	29.0	41.4
Selling, general and administrative expenses	—	—	—
Other operating income	—	—	—
Other operating expenses	—	(0.1)	(0.1)
Acquisition related items	—	<u>(0.2)</u>	<u>0.1</u>
Income from Operations	32.3	28.7	41.4
Other expenses—net	—	—	—
Finance costs—net ⁽¹⁾	<u>(19.7)</u>	<u>(12.8)</u>	<u>(19.9)</u>
Profit before income tax	12.6	15.9	21.5
Income tax expenses	<u>(2.2)</u>	<u>(1.7)</u>	<u>(2.0)</u>
Net profit	<u>10.4</u>	<u>14.2</u>	<u>19.5</u>

Note:

(1) Finance costs—net is composed of finance income, finance costs and realized and unrealized exchange gains and losses and change in fair value of derivatives and includes intercompany management charges of (\$1.5) million, (\$0.6) million, and (\$0.3) million in the year ended 31 December 2019, 2020 and 2021 respectively, and intercompany interest of (\$0.2) million, \$0.1 million and \$0.3 million in the year ended 31 December 2019, 2020 and 2021 respectively.

Net Asset statement as at 31 December 2021

	As at 31 December 2021
	in \$ millions
Non-current assets	153.1
Intangible assets and goodwill	23.0
Property, plant and equipment	123.9
Financial and contract assets	3.8
Other non-current assets	2.4
Current assets	22.1
Inventories	0.1
Trade and other receivables	9.1
Other current assets	0.5
Cash and cash equivalents	12.4
Total assets	175.2
Non-current liabilities	127.1
Borrowings	121.8
Deferred tax liabilities	—
Provisions	5.1
Other non-current liabilities	0.2
Current liabilities	26.0
Trade and other payables	3.1
Borrowings current	14.7
Current income tax liabilities	0.4
Other current liabilities	7.8
Total liabilities	153.1
Net Assets	22.1

There is no open intercompany balance sheet position between the Target Group and the Retained Group as of 31 December 2021.

Part V
Unaudited Pro Forma Financial Information on the Retained Group

**SECTION A: ACCOUNTANT'S REPORT ON THE UNAUDITED PRO FORMA FINANCIAL
INFORMATION ON THE RETAINED GROUP**



The directors (the “**Directors**”)
ContourGlobal plc
55 Baker Street, 5th Floor
London
W1U 8EW

Investec Bank plc
30 Gresham Street
London
EC2V 7QP

8 April 2022

Dear Ladies and Gentlemen

ContourGlobal plc (the “Company”)

We report on the unaudited pro forma financial information (the “**Pro Forma Financial Information**”) set out in Section B of Part V of the Company’s circular dated 8 April 2022 (the “**Circular**”).

This report is required by item 13.3.3R of the Listing Rules of the Financial Conduct Authority (the “**Listing Rules**”) and is given for the purpose of complying with that item and for no other purpose.

Opinion

In our opinion:

- (a) the Pro Forma Financial Information has been properly compiled on the basis stated; and
- (b) such basis is consistent with the accounting policies of the Company.

Responsibilities

It is the responsibility of the Directors to prepare the Pro Forma Financial Information in accordance with item 13.3.3R of the Listing Rules.

It is our responsibility to form an opinion, as required by item 13.3.3R of the Listing Rules, as to the proper compilation of the Pro Forma Financial Information and to report our opinion to you.

No reports or opinions have been made by us on any financial information of the Company used in the compilation of the Pro Forma Financial Information. In providing this opinion we are not providing any assurance on any source financial information of the Company on which the Pro Forma Financial Information is based beyond the above opinion.

PricewaterhouseCoopers LLP, 1 Embankment Place, London, WC2N 6RH
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Save for any responsibility which we may have to those persons to whom this report is expressly addressed and which we may have to shareholders of the Company as a result of the inclusion of this report in the Circular, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 13.4.1R(6) of the Listing Rules, consenting to its inclusion in the Circular.

Basis of preparation

The Pro Forma Financial Information has been prepared on the basis described in the notes to the Pro Forma Financial Information, for illustrative purposes only, to provide information about how the proposed sale of the Brazil hydro-electric generation business by the Company might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing the financial statements for the period ended 31 December 2021.

Basis of Opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Financial Reporting Council (“**FRC**”) in the United Kingdom. We are independent in accordance with the FRC’s Ethical Standard as applied to Investment Circular Reporting Engagements and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with the Directors.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Yours faithfully

PricewaterhouseCoopers LLP

Chartered Accountants

SECTION B: UNAUDITED PRO FORMA FINANCIAL INFORMATION ON THE RETAINED GROUP

Set out below is an unaudited pro forma statement of consolidated net assets of the Retained Group as at 31 December 2021. It has been prepared on the basis set out in the notes below to illustrate the effect of the Disposal on the consolidated net assets of the Company had the Disposal occurred on 31 December 2021. It has been prepared for illustrative purposes only. Because of its nature, the pro forma statement addresses a hypothetical situation and, therefore, does not represent the Retained Group's actual financial position or results. It is based on the Company's audited financial statements for the year ended 31 December 2021 and the financial information of the Target Group as at 31 December 2021 contained in Part IV (*Historical Financial Information on the Target Group*) and prepared in a manner consistent with the accounting policies adopted by the Company in its financial statements for the year ended 31 December 2021. The pro forma financial information has been prepared on the basis of, and should be read in conjunction with, the notes set out below.

The unaudited pro forma statement of consolidated net assets has been prepared in accordance with Annex 20 of the Prospectus Delegated Regulation, Listing Rule 13.3.3R and paragraphs 87-89 of the ESMA Recommendations.

The unaudited pro forma financial information does not constitute financial statements within the meaning of section 434 of the Companies Act. Shareholders should read the whole of this document and not rely solely on the unaudited financial information contained in this Part V.

	ContourGlobal Group	Target Group Net assets adjustments	Net proceeds from the Disposal	Retained Group pro forma
	Note (1)	Note (2)	Note (3)	
	as at 31 December 2021	as at 31 December 2021	as at 31 December 2021	as at 31 December 2021
	<i>In \$ millions</i>			
Non-current assets	4,749.5	—	—	4,749.5
Intangible assets and goodwill	305.4	—	—	305.4
Property, plant and equipment	3,925.4	—	—	3,925.4
Financial and contract assets	370.5	—	—	370.5
Investments in associates	33.5	—	—	33.5
Derivative financial instruments	9.9	—	—	9.9
Other non-current assets	55.1	—	—	55.1
Deferred tax assets	49.7	—	—	49.7
Current assets	1,267.7	—	105.1	1,372.8
Inventories	485.7	—	—	485.7
Financial and contract assets current	32.3	—	—	32.3
Trade and other receivables	299.1	—	—	299.1
Current income tax assets	15.0	—	—	15.0
Derivative financial instruments	6.1	—	—	6.1
Other current assets	60.4	—	—	60.4
Cash and cash equivalents	369.1	—	105.1	474.2
Assets held for sale	175.2	(175.2)	—	—
Total assets	6,192.4	(175.2)	105.1	6,122.3
Non-current liabilities	4,451.5	—	—	4,451.5
Borrowings	3,809.1	—	—	3,809.1
Derivative financial instruments	71.5	—	—	71.5
Deferred tax liabilities	325.2	—	—	325.2
Provisions	77.7	—	—	77.7
Other non-current liabilities	168.0	—	—	168.0
Current liabilities	1,217.3	—	—	1,217.3
Trade and other payables	597.0	—	—	597.0
Borrowings current	367.0	—	—	367.0
Derivative financial instruments	26.3	—	—	26.3
Current income tax liabilities	29.1	—	—	29.1
Provisions current	12.9	—	—	12.9
Other current liabilities	185.0	—	—	185.0
Liabilities held for sale	153.1	(153.1)	—	—
Total liabilities	5,821.9	(153.1)	—	5,668.8
Net Assets	370.5	(22.1)	105.1	453.5

Notes:

- 1 The net assets relating to the ContourGlobal Group have been extracted without material adjustment from the audited consolidated financial statements of the ContourGlobal Group for the year ended 31 December 2021.
- 2 These adjustments remove 100% of the assets and liabilities of the Target Group (including the assets and liabilities attributable to non-controlling interests in the Target Group) that are presented as held for sale in the audited consolidated financial statements of the ContourGlobal Group. These adjustments are sourced without material adjustment from the historical financial information of the Target Group as at 31 December 2021 contained in Part IV (*Historical Financial Information on the Target Group*) of this document.

3 The Disposal adjustments reflect a net cash receivable by the ContourGlobal Group of \$105.1 million as set out below

	<u>BRL</u> <u>million</u>	<u>USD</u> <u>million</u>
Consideration payable by the Buyer to the Seller for the Target Shares (including the assumption of net debt and other customary adjustments)	1,730.7	313.5
Less: Reference Net Debt per Share Purchase Agreement	(737.5)	(133.6)
Less: Withholding tax payable	(134.2)	(24.3)
Less: Non-controlling interests in parent and subsidiaries of the Target Group	(248.0)	(44.9)
Consideration attributable to the ContourGlobal Group (a)	611.0	110.7
Less: Transaction costs (excluding portion attributable to non-controlling interests)		(3.0)
Less: Hedging costs (excluding portion attributable to non-controlling interests) (b)		<u>(2.6)</u>
Net cash receivable by the ContourGlobal Group		<u>105.1</u>

(a) The Share Purchase Agreement includes a customary post-closing purchase price adjustment mechanism to reflect movements in net debt and net working capital between the reference levels set in the Share Purchase Agreement and the levels at the date of Closing. No adjustment has been made in the Unaudited Pro Forma Financial Information on the Retained Group for these post-Closing purchase price adjustments.

(b) The consideration attributable to the ContourGlobal has been translated using an exchange rate of 1 BRL = 0.181159 USD, being the rate applicable on 20 January 2022 when the Disposal was announced. The ContourGlobal Group has hedged the consideration after withholding tax using forward contracts which provide an exchange rate of BRL 1 = 0.176923 USD. Based on the rate applicable at 20 January 2022, this indicates a loss on the hedge (excluding the portion attributable to non-controlling interests) of \$2.6m.

4 No account has been taken of any trading or results of the Group or the Target Group since 31 December 2021.

Part VI
Additional Information

1. RESPONSIBILITY

The Company and the Directors of the Company, whose names and positions appear in section 3.1 of this part VI below, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. INCORPORATION AND REGISTERED OFFICE

The Company's legal and commercial name is ContourGlobal plc. The Company was incorporated under the Companies Act 2006 in England on 26 September 2017 as a private company limited by shares with the name ContourGlobal Limited and company number 10982736. On 24 October 2017 the Company was re-registered as a public limited company under the name of ContourGlobal plc by special resolutions passed that day.

The Company has its registered office at 55 Baker Street, London, W1U 8EW.

3. DIRECTORS AND SENIOR MANAGERS

3.1 Directors

The Directors and their positions as at the date of this document are as follows:

<u>Name</u>	<u>Position</u>
Craig A. Huff	Chairman
Joseph C. Brandt	President and Chief Executive Officer
Stefan L. Schellinger	Executive Vice President, Global Chief Financial Officer
Daniel Camus	Independent Non-Executive Director
Mariana Gheorghe	Independent Non-Executive Director
Dr. Alan R. Gillespie	Senior Independent Non-Executive Director
Alejandro Santo Domingo	Non-Executive Director
Ronald F. Trächsel	Independent Non-Executive Director
Gregg M. Zeitlin	Non-Executive Director

3.2 Senior Managers

The ContourGlobal Group's senior management team as at the date of this document, including the Executive Directors listed above, is as follows:

<u>Name</u>	<u>Position</u>
Joseph C. Brandt	President and Chief Executive Officer
Karl Schnadt	Executive Vice President and Chief Operating Officer
Stefan L. Schellinger	Executive Vice President, Global Chief Financial Officer
Amanda Schreiber	Executive Vice President, General Counsel
Alessandra Marinheiro	Executive Vice President, Chief Executive Officer for Brazil

3.3 Key individuals for the Target Group

The following individuals are deemed by ContourGlobal to be key for the operations of the Target Group:

<u>Name</u>	<u>Position</u>
Alessandra Quagliuolo Marinheiro	Director / officer at various members of the Target Group;
Daniel Henrique Pastro	Director / officer at various members of the Target Group;
Sandra López Gorbe	Director at various members of the Target Group;
Daniel Eduardo Araque Prada	Director / officer at various members of the Target Group;
Carlos Renato Rodrigues Peixoto	Officer at various members of the Target Group.

3.4 Interests of the Directors and Senior Managers in Ordinary Shares

As at the Latest Practicable Date, the interests of the Directors and Senior Managers (all of which, unless otherwise stated are beneficial) in Ordinary Shares are as follows:

<u>Name of Director / Senior Manager</u>	<u>No. of Ordinary Shares held</u>
Craig A. Huff	(1)
Joseph C. Brandt	9,398,878 ⁽²⁾
Stefan L. Schellinger	—
Daniel Camus	35,000
Mariana Gheorghe	—
Dr. Alan R. Gillespie	200,000 ⁽³⁾
Alejandro Santo Domingo	(4)
Ronald F. Trächsel	24,000 ⁽³⁾
Gregg M. Zeitlin	(1)
Karl Schnadt	965,343 ⁽⁵⁾
Amanda Schreiber	733,963 ⁽⁶⁾
Alessandra Marinheiro	810,007 ⁽⁷⁾
Sarah Flanigan	16,111

Notes:

- (1) Craig A. Huff and Gregg M. Zeitlin each has an indirect interest in Ordinary Shares as a result of his interest in entities controlled by Reservoir Capital that in turn have indirect interests in the Company.
- (2) Joseph C. Brandt's interests in 7,403,453 of these 9,398,878 Ordinary Shares arises, as explained in more detail in the Company's notification of a transaction by a PDMR dated 31 December 2020 (RNS number: 2524K), as a result of a vesting of an award made to him by Reservoir Capital, under its Private Incentive Plan (the "PIP"), of Class S partnership units in Contour Management Holdings LLC (a partner in ContourGlobal L.P.) ("Class S Units").
- (3) As disclosed in the Prospectus, at admission Dr. Alan R. Gillespie and Ronald F. Trächsel were issued ordinary shares in the Company at the offer price, by way of private subscription.
- (4) Alejandro Santo Domingo has an indirect interest in Ordinary Shares as a result of having a discretionary shared interest in certain entities which have indirect interests in the Company. Alejandro Santo Domingo disclaims all beneficial interest and control in respect to such Ordinary Shares.
- (5) Karl Schnadt's interest in 957,343 of these 965,343 Ordinary Shares arises as a result of a vesting of an award made to him by Reservoir Capital, under its PIP, of Class S Units.
- (6) Amanda Schreiber's interest in these Ordinary Shares arises as a result of a vesting of an award made to her by Reservoir Capital, under its PIP, of Class S Units.
- (7) Alessandra Marinheiro's interest in 718,007 of these 810,007 Ordinary Shares arises as a result of a vesting of an award made to her by Reservoir Capital, under its PIP, of Class S Units.

The interests of the Directors and Senior Managers of the Company together represent approximately 1.81 per cent. of the issued Ordinary Share capital of the Company (excluding shares held in treasury) as at the Latest Practicable Date.

3.5 Related party interests

In addition to the interests set out above, Aguila, Ltd, the trustee of a discretionary trust of which Alejandro Santo Domingo (non-independent Non-Executive Director) is one of a number of potential beneficiaries, and Joseph C. Brandt (President, Chief Executive Officer and Executive Director) hold certain interests which pertain to the Brazil Hydro-Electric Generation Business. These interests pre-date the IPO of the Company, are unchanged from this earlier period, and were not amended or affected by the Disposal or its terms.

(A) *Aguila Ltd*

The Santo Domingo family is a long-term partner of the Company and has invested alongside ContourGlobal since 2008 (when it was a private company) in various hydro and cogeneration assets in Brazil, including the Brazil Hydro-Electric Generation Business. The Santo Domingo family's interest in these Brazilian hydro and cogeneration assets is today held through Kani Holdings LP ("Kani LP"), an entity ultimately controlled by a trust of the Santo Domingo family, with Kani LP itself being a 20 per cent. shareholder in the Seller. Mr. Santo Domingo holds an indirect discretionary shared interest in Aguila, Ltd and, through Aguila, Ltd, in certain entities which have an interest in Kani LP, and thereby the Seller and the Brazil Hydro-Electric Generation Business. Mr. Santo Domingo's indirect discretionary shared interest is as one of a number of potential beneficiaries under a discretionary trust, the trustee of which is Aguila, Ltd. Although Mr. Santo Domingo serves as one of five directors of Aguila, Ltd (alongside a majority of professional directors), Mr. Santo Domingo is not able to control either Aguila, Ltd or the discretionary trust under which he is a potential beneficiary, meaning it is not possible to state what (if any) benefit Mr. Santo Domingo may derive from this interest following the Closing of the Disposal.

Aguila, Ltd is a related party of the Company by virtue of its being an associate of Mr. Santo Domingo and it has been determined that the Disposal is a related party transaction for the purposes of Chapter 11 of the Listing Rules. On that basis, the Disposal constitutes a smaller related party transaction falling within LR 11.1.10R(1) on account of Aguila, Ltd. being entitled to receive an estimated maximum theoretical consideration of up to \$22.2 million USD in respect of the Disposal.

(B) *Joseph C. Brandt*

At the time of the investment in 2008 by the Santo Domingo family and ContourGlobal into the Brazil Hydro-Electric Generation Business and, later in 2017, certain Brazilian cogeneration assets, certain members of ContourGlobal management, including Mr. Joseph C. Brandt in his capacity as Chief Executive Officer of ContourGlobal, were awarded a carried interest in Kani LP. A carried interest is an incentivisation structure that is customary within the private equity industry and designed to provide carried interest holders with some level of profit subject to a certain return hurdle on investment being achieved. The Company is not party to the carried interest arrangement and has no financial obligation in relation to the interest, which is to be funded with distributions from any proceeds of Disposal via Aguila, Ltd (an investment vehicle of the Santo Domingo family, as described above, and the owner of the general partner of Kani LP) if and when the terms of the carried interest are met. Further, no Director of ContourGlobal, other than Mr. Brandt, is party to the carried interest arrangement described above.

Under the carried interest arrangement and subject to the terms and conditions of the carried interest being met, a payment may be made to carried interest holders upon Closing of the Disposal of the Brazil Hydro-Electric Generation Business. Under the arrangement, relevant members of ContourGlobal management (including Mr. Brandt) may receive a payment determined by reference to the value created above an IRR hurdle of 9 per cent from the time that Kani LP invested capital. The value of this payment will depend on a number of factors, as explained in more detail in the Report of the Remuneration Committee (p 140) contained in the Company's 2020 Annual Report. As at the Latest Practicable Date, the maximum theoretical payment receivable by Mr. Brandt under this carried interest arrangement is estimated to be \$1.4 million USD.

Mr. Brandt is a related party of the Company by virtue of his being its President, Chief Executive Officer and Executive Director. As referred to above, it has been determined that the Disposal constitutes a related party transaction for the purposes of Chapter 11 of the Listing Rules. However, the size of the maximum theoretical payment receivable by Mr. Brandt means that it constitutes a "small transaction" under LR 11.1.6(R) and accordingly that it is an exempt related party transaction for the purposes of the Listing Rules.

Relevant members of ContourGlobal management (including Mr. Brandt) hold the carried interest through Contour Management Holdings LLC and will not benefit (directly or indirectly) from interests held by any other individual, trust or entity pursuant to the arrangement described above.

(C) *Approval of the Disposal*

Since the Company's IPO and as part of the Board's consideration of the Disposal, Mr. Brandt and Mr. Santo Domingo each disclosed to the Board the nature and extent of the interests referred to above. The remaining Directors unanimously determined that the matters disclosed could not reasonably be regarded as likely to give

rise to a conflict of interest, that Mr. Brandt and Mr. Santo Domingo were each able to consider the Disposal acting in accordance with their respective duties as a director to, among other things, promote the success of the Company for the benefit of its shareholders as a whole and that Mr. Brandt and Mr. Santo Domingo should therefore each be permitted to consider and vote upon the Disposal. In making this determination, the remaining Directors noted that: (i) the Company's stated strategy was to monetize the ContourGlobal Group's renewables business in Brazil in view of the failure of the Company's share price adequately to reflect the value of these assets; (ii) the interests of Mr. Brandt and Mr. Santo Domingo were aligned with those of the Company's shareholders in seeking to achieve the best price possible for the Brazil Hydro Electric Generation Business; and (iii) that the interests of Joseph C Brandt and Mr. Santo Domingo were not of a level of materiality that could reasonably be expected to impact their ability to consider the Disposal acting in accordance with their respective duties to promote the success of the Company for the benefit of its shareholders as a whole.

3.6 Interests of the Directors and Senior Managers under the ContourGlobal Group Share Plans

As at the Latest Practicable Date, pursuant to the ContourGlobal Group Share Plans the interests of the Directors and Senior Managers in Ordinary Shares (all of which, unless otherwise stated, are beneficial) are as follows:

<u>Directors</u>	<u>Type of award</u>	<u>No. of Ordinary Shares</u>	<u>Vesting date</u>	<u>Expiry Date (for Options)</u>
Joseph C. Brandt	Performance Award (CSA ¹)	482,183	17/06/2022	
Joseph C. Brandt	Performance Award (CSA ¹)	459,564	11/08/2023	
Joseph C. Brandt	Performance Award (CSA ¹)	442,186	17/05/2024	
Joseph C. Brandt	Deferred Bonus Award (CSA ¹)	54,666	09/03/2022	
Joseph C. Brandt	Deferred Bonus Award (CSA ¹)	156,091	10/03/2023	
Stefan Schellinger	Performance Award (NCO ²)	382,262	17/06/2022	17/6/2029
Stefan Schellinger	Performance Award (NCO ²)	375,000	11/08/2023	11/8/2030
Stefan Schellinger	Performance Award (NCO ²)	389,408	17/05/2024	17/05/2031
Stefan Schellinger	Deferred Bonus Award (NCO ²)	17,579	09/03/2022	11/08/2030
Stefan Schellinger	Deferred Bonus Award (NCO ²)	79,040	10/03/2023	17/05/2031
Karl Schnadt	Performance Award (NCO ²)	199,536	17/06/2022	17/06/2029
Karl Schnadt	Performance Award (NCO ²)	198,589	11/08/2023	11/8/2030
Karl Schnadt	Performance Award (NCO ²)	196,944	17/05/2024	17/5/2031
Karl Schnadt	Deferred Bonus Award (NCO ²)	11,685	09/03/2022	11/8/2030
Karl Schnadt	Deferred Bonus Award (NCO ²)	26,402	10/03/2023	17/05/2031
Karl Schnadt	Nil Cost Options (Vested)	83,570		28/06/2028
Karl Schnadt	Nil Cost Options (Vested)	10,408		28/06/2028
Amanda Schreiber	Performance Award (CSA ¹)	258,771	17/06/2022	
Amanda Schreiber	Performance Award (CSA ¹)	246,632	11/08/2023	
Amanda Schreiber	Performance Award (CSA ¹)	237,306	17/05/2024	
Amanda Schreiber	Deferred Bonus Award (CSA ¹)	12,594	09/03/2022	
Amanda Schreiber	Deferred Bonus Award (CSA ¹)	22,908	10/03/2023	
Alessandra Marinheiro	Performance Award (NCO ²)	97,084	17/06/2022	17/06/2029
Alessandra Marinheiro	Performance Award (NCO ²)	67,721	11/08/2023	11/08/2030
Alessandra Marinheiro	Performance Award (NCO ²)	65,196	17/05/2024	17/05/2031
Alessandra Marinheiro	Deferred Bonus Award (NCO ²)	2,482	09/03/2022	11/08/2030
Alessandra Marinheiro	Nil Cost Options (Vested)	84,674		28/06/2028
Alessandra Marinheiro	Nil Cost Options (Vested)	2,719		21/05/2026
Sarah Flanigan	Performance Award (CSA ¹)	124,564	17/06/2022	
Sarah Flanigan	Performance Award (CSA ¹)	124,656	11/08/2023	
Sarah Flanigan	Performance Award (CSA ¹)	143,710	17/05/2024	
Sarah Flanigan	Deferred Bonus Award (CSA ¹)	7,238	09/03/2022	
Sarah Flanigan	Deferred Bonus Award (CSA ¹)	11,782	10/03/2023	
Sarah Flanigan	Performance Award (CSA ¹)	17,808	09/02/2022	

Notes:

1. CSA is a conditional share award.
2. NCO is a nil cost option.

3.7 Directors' terms of appointment

(A) Executive Directors

Joseph C. Brandt is appointed as a Director of the Company pursuant to a letter of appointment dated 8 November 2017. Under the letter of appointment, Mr. Brandt's appointment as a director is terminable by either

him or the Company on not less than six months' notice. Separately, Mr. Brandt is employed as President and Chief Executive Officer under a service agreement with effect from 14 November 2017. Mr. Brandt's service agreement is terminable by him on not less than 30 days' prior written notice, and by the Company on not less than six months' prior written notice. Further details of Mr. Brandt's terms of appointment are set out in section 6.1 of Part III (*Directors, Senior Managers and Corporate Governance*) of the Prospectus and are incorporated by reference into this document. Upon termination of Mr. Brandt's service agreement, the Company will (subject to certain exceptions): (i) pay all amounts earned or accrued under the service agreement up to the termination date, including any previous compensation which has previously been deferred (with any interest earned thereon); (ii) pay any earned but unpaid bonus; and (iii) provide Mr. Brandt with continued coverage for the duration of the notice period under any health, medical, dental or vision policy in which he or his dependants participate. In addition, the Company may, in lieu of giving notice, terminate Mr. Brandt's service agreement by making a payment equivalent to his base salary for the notice period, or any unexpired portion of the notice period.

Stefan L. Schellinger was appointed to the Board with effect from 15 April 2019. Mr. Schellinger's service agreement commenced on 15 April 2019 and contains a 12-month notice period. There is no fixed term to the contract. Mr. Schellinger's annual base salary, effective from 1 January 2022, is GBP 375,000, which will be reviewed, but not necessarily increased, periodically. The Company may, in lieu of giving notice, terminate Mr. Schellinger's service agreement by making a payment equivalent to his base salary only (less income tax and National Insurance contributions, and excluding any benefits or bonus) for the notice period, or any unexpired portion of the notice period.

(B) Non-Executive Directors

The Non-Executive Directors were appointed to the Board pursuant to letters of appointment. Details of the Non-Executive Directors' terms of appointment (other than those of Mariana Gheorghe) are set out in section 6.2 of Part III (*Directors, Senior Managers and Corporate Governance*) of the Prospectus and are incorporated by reference into this document. The letter of appointment of each of the Non-Executive Directors (other than Mariana Gheorghe) has been extended for a further three-year term, to 27 October 2023.

Mariana Gheorghe was appointed to the Board with effect from 30 June 2019 and is entitled to receive an annual fee of GBP 55,000. Mariana Gheorghe entered into a letter of appointment on substantially the same terms as the other Non-Executive Directors, such terms being described in section 6.2 of Part III (*Directors, Senior Managers and Corporate Governance*) of the Prospectus and incorporated by reference into this document.

No compensation is payable to any Non-Executive Director who retires at an annual general meeting of the Company and is not re-elected or whose appointment is otherwise terminated.

4. MAJOR SHAREHOLDERS AND OTHER INTERESTS

As at the Latest Practicable Date, the Company had received notification in accordance with Chapter 5 of the Disclosure and Transparency Rules of the following notifiable interests in the voting rights attaching to the Ordinary Shares:

<u>Name</u>	<u>Date of notification</u>	<u>No. of Ordinary Shares</u>	<u>% of voting Ordinary Share capital</u>
RCGM LLC. ⁽¹⁾	13 December 2017	468,189,424	71.36
FIL Limited	3 July 2019	50,888,483	7.76

Note:

(1) The Reservoir Funds own approximately 99.6 per cent. of ContourGlobal L.P., and are themselves ultimately managed and controlled by Reservoir Capital. The managing member of Reservoir Capital is RCGM LLC.

Save as set out above, the Company is not aware of any person who has a notifiable interest in the total voting rights in respect of the issued share capital of the Company, or of any person who can, will or could, directly or indirectly, jointly or severally, exercise control over the Company. The Directors have no knowledge of any arrangements the operation of which may at a subsequent date result in a change of control of the Company.

5. MATERIAL CONTRACTS OF THE CONTOURGLOBAL GROUP

Other than as disclosed below, no contracts have been entered into (other than contracts entered into in the ordinary course of business) by the Company or any other member of the ContourGlobal Group, either: (i) within

the two years immediately preceding the date of this document and which are, or may be, material to the ContourGlobal Group; or (ii) at any time, which contain any provision under which any member of the ContourGlobal Group has any obligation or entitlement which is, or may be, material to the ContourGlobal Group as at the date of this document:

5.1 Contracts relating to the Disposal

(A) Share Purchase Agreement

The Seller (an indirect wholly-owned subsidiary of the Company) and the Buyer, entered into the Share Purchase Agreement on 20 January 2022, which is summarised in Part III (*Summary of the Principal Terms and Conditions of the Disposal*) of this document.

(B) Equity Commitment Letter

On 20 January 2022, Patria Infrastruttura and the Seller entered into the Equity Commitment Letter, which is summarised in Part III (*Summary of the Principal Terms and Conditions of the Disposal*) of this document.

(C) Parent Guarantee

On 20 January 2022 the Company and the Buyer entered into the Parent Guarantee, which is summarised in Part III (*Summary of the Principal Terms and Conditions of the Disposal*) of this document.

5.2 Other material contracts

(A) Share buy-back mandate agreement

The Company entered into an agreement (the “**Share Buy-back Mandate Agreement**”) with Investec dated 31 March 2020 pursuant to which the Company granted a mandate to Investec to act as principal in relation to the purchase of: (i) up to 20 million Ordinary Shares on the LSE up to an aggregate maximum consideration of £30 million during the period from and including 1 April 2020 to and including 30 June 2020; and (ii) pursuant to amendments to that Share Buy-back Mandate Agreement to extend the share buy-back programme: (a) up to 12.9 million Ordinary Shares on the LSE up to an aggregate maximum consideration of £24.5 million during the period from and including 30 June 2020 to 31 December 2020; and (b) up to 3.1 million Ordinary Shares on the LSE up to an aggregate maximum consideration of £6.6 million during the period from and including 11 January 2021 to 31 March 2021. Investec’s mandate pursuant to the Share Buy-back Mandate Agreement expired on 31 March 2021.

Purchases of Ordinary Shares pursuant to the Share Buy-back Mandate Agreement were effected within certain parameters agreed between the Company and Investec, and in accordance with the Company’s general authority to repurchase shares granted by Shareholders at the 2019 and 2020 annual general meetings of the Company and the relevant provisions of the Listing Rules and the Market Abuse Regulation. The Share Buy-back Mandate Agreement also contains representations, warranties, undertakings and termination rights which are customary for a buy-back mandate of this sort.

(B) WGP Share Purchase Agreement

On 7 December 2020, ContourGlobal Hummingbird US Holdco Inc. (“**CGH US**”) (an indirect wholly-owned subsidiary of the Company) and Western Generation Partners, LLC (“**WGP**”), entered into a share purchase agreement (the “**WGP Share Purchase Agreement**”). Pursuant to the WGP Share Purchase Agreement, WGP has agreed to sell, and CGH US has agreed to purchase, on the terms and subject to the conditions of the WGP Share Purchase Agreement, the entire issued share capital of WGP Holdings II, LLC (the “**WGP Target**”) (the “**WGP Acquisition**”). WGP Target is the holding company of a 1,502 MW portfolio of natural gas fired and combined heat and power assets and a fuel oil plant located in the United States and Trinidad and Tobago.

The Closing of the WGP Acquisition (the “**WGP Closing**”) was conditional on satisfaction (or waiver, where applicable), of certain conditions (including, amongst others: (i) the approval of the WGP Acquisition by the Company’s shareholders, (ii) no injunction, restraining order or decree of any governmental authority, (iii) expiry of waiting periods, (iv) other consents, approvals, exemptions, waivers, authorisations, filings registrations and notifications and (v) no material adverse effect in respect of the WGP Target having occurred) and the WGP Closing was announced by the Company on 18 February 2021.

The purchase price payable to WGP at the WGP Closing was US\$ 837 million on a debt and cash free basis. The purchase price was subject to certain customary post-closing adjustments in respect of debt, cash and working capital of the WGP Target.

WGP has given covenants customary for a US law-governed acquisition of the size and nature of the WGP Acquisition in relation to the period between signing of the WGP Share Purchase Agreement and the WGP Closing including customary obligations on WGP to procure that (i) the business of the WGP Target is conducted in the ordinary course of business consistent with prudent industry practices; and (ii) the WGP Target does not take (or omit to take) certain actions. WGP has provided representations and warranties in relation to itself and the WGP Target that are subject to certain qualifications and limitations which, in each case, are customary for a US law-governed acquisition of the size and nature of the WGP Acquisition.

The Company has also agreed to guarantee the payment obligations of CGH US under the WGP Share Purchase Agreement pursuant to a guarantee dated 7 December 2020.

ContourGlobal L.P., the Company's majority Shareholder, who held, as at 18 March 2019, approximately 71 per cent. of the Company's issued ordinary share capital, provided an irrevocable undertaking to vote in favour of the shareholder resolutions to approve the WGP Acquisition.

(C) CGA Share Purchase Agreement

On 6 January 2019, the Company entered into a share purchase agreement with ContourGlobal Terra 3 S.à.r.l (a wholly-owned subsidiary of the Company) ("**CGT3**") and Alpek, S.A.B. de C.V. ("**Alpek**") (the "**CGA Share Purchase Agreement**"), pursuant to which Alpek agreed to sell, and CGT3 agreed to purchase at least 99.5 per cent. of the share capital of Cogeneración de Altamira, S.A. de C.V. ("**CGA**"), which in turn holds at least 99.5 per cent. of the share capital of Cogeneración de Energía Limpia de Cosoleacaque, S.A. de C.V. ("**CELCSA**") (the "**CHP Acquisition**"). Under the CGA Share Purchase Agreement, it was agreed that the remaining issued share capital of CGA and of CELCSA, respectively, that was not acquired by the ContourGlobal Group would be held by offtakers, as required under the grandfathered "Legado" regulatory frameworks under which CGA and CELCSA operate.

The portfolio acquired pursuant to the CHP Acquisition (the "**CHP Portfolio**") comprises: (i) a CHP cogeneration plant located in the state of Veracruz, Mexico, with an installed power-generating capacity of 104 MW (the "**CELCSA Plant**"); (ii) a CHP cogeneration plant located in the state of Tamaulipas, Mexico, with a power-generating capacity of 414 MW ("**CGA1**"), which was under construction at the time the CGA Share Purchase Agreement was signed; and (iii) development rights and permits for a third plant.

Under the CGA Share Purchase Agreement, the ContourGlobal Group also acquired the option to purchase: (i) the land required for the construction and development of another CHP cogeneration plant adjacent to CGA1 with power generating capacity of 414 MW for US\$ 750,000; and (ii) Temex Gas, the company which owns the gas pipeline that connects the respective delivery points at the CELCSA Plant and CGA1 with the Mexican national gas pipeline system. The consideration payable for Temex was agreed to be the sum of the capital stock of Temex Gas (subject to a maximum of MXN 100,000) plus the net working capital of Temex Gas on the date on which the option was exercised.

The closing of the CHP Acquisition ("**CGA Closing**") was conditional on satisfaction (or waiver, where applicable), of certain conditions (including: (i) the completion of the construction of CGA1 and all commission and verification tests being successfully passed; and (ii) the approval of the CHP Acquisition by the Company's Shareholders), and CGA Closing was announced by the Company on 25 November 2019.

The CGA Share Purchase Agreement also includes a parent company guarantee from the Company to Alpek in respect of CGT3's payment obligations thereunder.

The purchase price payable to Alpek at CGA Closing was US\$ 724 million, subject to certain customary working capital and other adjustments. In addition, a further US\$ 77 million was payable to Alpek representing the value added tax assessed for the CHP Acquisition which has been refunded to the Company in full.

The CGA Share Purchase Agreement includes warranties customary for a transaction of the nature of the CHP Acquisition, which have been given by Alpek. In addition, the CGA Share Purchase Agreement includes warranties customary for a transaction of the nature of the CHP Acquisition, which have been given by CGT3 and, in certain instances, the Company.

Under the CGA Share Purchase Agreement Alpek has provided certain indemnities to CGT3 and the Company in respect of breaches of representations, warranties or covenants and certain tax and transaction expenses of CGA and its subsidiaries. In addition, CGT3 has provided certain indemnities to Alpek under the CGA Share Purchase Agreement in respect of breaches of representations, warranties or covenants.

The fundamental representations and warranties under the CGA Share Purchase Agreement survive indefinitely. The representations and warranties regarding CGA and CELCSA's financial statements expired on 30 April 2019. The representations and warranties regarding employee matters survive until 24 months after CGA Closing. The representations and warranties regarding compliance with law, environment, taxes, anti-bribery, and sanctions, survive until 30 days after the expiration of the applicable statute of limitations. The other representations and warranties and indemnification obligations of Alpek, the Company, and CGT3, subject to certain exceptions, generally survive CGA Closing until the date that is 18 months from the date of CGA Closing. Alpek shall not be required to indemnify or make any payments unless and until the aggregate amount of the amounts owed by Alpek in respect of any claim is equal to or greater than US\$ 5 million, in which case Alpek shall only be liable for the excess above such US\$5 million amount. In addition, in no event shall the aggregate amount of any indemnity required to be paid by Alpek exceed an amount equal to 12 per cent. of the US\$ 724 million due under the CGA Share Purchase Agreement.

The CGA Share Purchase Agreement contains customary covenants which restrict Alpek from: (i) persuading or attempting to persuade any potential customer or client of which Alpek or either of CGA or CELCSA have made a presentation, or with which Alpek or either of CGA or CELCSA have had discussions, not to pursue a business relationship with CGA or CELCSA; (ii) soliciting for Alpek or any person other than Alpek or either of CGA or CELCSA the business of any person which is a customer or client of either of CGA or CELCSA, or was their customer or client at any time during the period 30 months prior to the execution date of the CGA Share Purchase Agreement, or in any way interferes with the relationship between Alpek or either of CGA or CELCSA and any such person or business relationship; or (iii) inducing, encouraging or soliciting any personnel of CGA or CELCSA to leave their employment, or to accept any other position or employment with any other person or hire or assist any other person in hiring any personnel for any reason whatsoever. The CGA Share Purchase Agreement also contains certain covenants which restrict the Company, CGT3, and Alpek from disclosing information related to the CGA Share Purchase Agreement, other than as required by applicable law.

Under the CGA Share Purchase Agreement, each of CGT3 and Alpek agreed (subject to approval of the Company's shareholders which has since been obtained) that it would pay a break fee of US\$ 20 million to the other if it breached certain provisions of the CGA Share Purchase Agreement.

ContourGlobal L.P., the Company's majority Shareholder, holding, as at 18 March 2019, approximately 71 per cent. of the Company's issued ordinary share capital, provided an irrevocable undertaking to vote in favour of the shareholder resolutions to approve the CHP Acquisition.

(D) Revolving Credit Facility Agreement

On 10 December 2020, ContourGlobal Power Holdings S.A. as borrower and the Company, ContourGlobal Worldwide Holdings S.à r.l. and ContourGlobal Terra Holdings S.à r.l. as parent guarantors entered into a New York-law governed agreement for a €120 million super senior secured revolving credit facility (the "**Revolving Credit Facility**") with a consortium of three lenders, each taking a one-third share in the Revolving Credit Facility (the "**Revolving Credit Facility Agreement**"). BNP Paribas, one of the lenders under the Revolving Credit Facility Agreement, is acting as administrative agent. The Revolving Credit Facility's maturity date will be the third anniversary of the closing date (being the date on which all of the closing conditions contained within the Revolving Credit Facility Agreement have been satisfied or waived) and will be for general corporate purposes. The Revolving Credit Facility replaced ContourGlobal Power Holdings S.A.'s existing €75,000,000 super senior secured revolving credit facility documented under a credit agreement dated as of 9 November 2018. Interest is payable under the Revolving Credit Facility Agreement at either EURIBOR plus 2.25 per cent. (the "**Applicable Margin**") per annum or (with respect to borrowings in US dollars) LIBOR plus the Applicable Margin per annum or the Alternate Base Rate plus 1.25 per cent. per annum. The obligations under the Revolving Credit Facility Agreement are guaranteed by certain ContourGlobal Group companies, including the Company. The Revolving Credit Facility Agreement contains various representations, warranties, covenants and events of default customary for transactions of this nature.

(E) *Senior Secured Notes*

On 17 December 2020 (the “**Issue Date**”), ContourGlobal Power Holdings S.A. issued the Senior Secured Notes in a private offering exempt from the registration requirements of the Securities Act. The Senior Secured Notes were issued pursuant to the Senior Secured Notes Indenture.

The obligations under the Senior Secured Notes are fully and unconditionally guaranteed by the Company, ContourGlobal Worldwide Holdings S.à r.l., ContourGlobal Terra Holdings S.à r.l., and certain other subsidiaries of the Company. The Senior Secured Notes rank *pari passu* with the ContourGlobal Group’s other senior secured indebtedness.

The Senior Secured Notes Indenture provides that ContourGlobal Power Holdings S.A. may:

- (i) prior to 1 January 2023, in the case of the 2026 Notes, and prior to 1 January 2024, in the case of the 2028 Notes, on one or more occasions, at its option redeem all or part of the Senior Secured Notes by paying 100 per cent. of the principal amount of the Senior Secured Notes of the applicable series redeemed plus a make-whole premium and accrued and unpaid interest, if any, to, but not including, the redemption date;
- (ii) prior to 1 January 2023, in the case of the 2026 Notes, and prior to 1 January 2024, in the case of the 2028 Notes, on one or more occasions, at its option redeem through the use of the net proceeds of specified equity offerings up to 40 per cent. of the aggregate principal amount of the Senior Secured Notes of such series, at a redemption price in cash equal to 102.750 per cent. in the case of the 2026 Notes and 103.125 per cent. in the case of the 2028 Notes of the principal amount of the Senior Secured Notes being redeemed, plus accrued and unpaid interest to, but excluding, the redemption date, provided that at least 60 per cent. of the original aggregate principal amount of the Senior Secured Notes of the applicable series (calculated after giving effect to the issuance of additional notes of the applicable series, if any) remains outstanding after the redemption and the redemption occurs within 180 days after the date of the closing of such equity offering;
- (iii) during any twelve-month period commencing on the Issue Date and ending on or prior to 1 January 2023 for the 2026 Notes, or on or prior to 1 January 2024 for the 2028 Notes, redeem up to 10 per cent. of the original aggregate principal amount of the Senior Secured Notes of such series at a redemption price equal to 103 per cent. of the aggregate principal amount of the Senior Secured Notes of such series, plus accrued and unpaid interest thereon, if any, to the redemption date; and
- (iv) after 1 January 2023, in the case of the 2026 Notes, and after 1 January 2024, in the case of the 2028 Notes, on one or more occasions, at its option redeem all or part of the Senior Secured Notes at the respective redemption prices set forth in the Senior Secured Notes Indenture, plus any accrued and unpaid interest to, but excluding, the redemption date.

The Senior Secured Notes Indenture contains customary provisions relating to ContourGlobal Power Holdings S.A.’s obligation to make payments free of withholding deduction and its ability to redeem the Senior Secured Notes in the event of certain changes in the taxation of the Senior Secured Notes.

If ContourGlobal Power Holdings S.A. sells certain of its assets or a Change of Control (as defined in the Senior Secured Notes Indenture) occurs, ContourGlobal Power Holdings S.A., subject to certain reinvestment rights, must offer to purchase the Senior Secured Notes with any excess proceeds at a purchase price equal to 100 per cent. in the case of an asset sale or 101 per cent. in the case of a Change of Control (as defined in the Senior Secured Notes Indenture) of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, to, but excluding, the date of purchase.

Subject to a number of important exceptions and qualifications, the Senior Secured Notes Indenture contains customary covenants that limit, among other things, the ability of the Company and each Restricted Subsidiary (as defined in the Senior Secured Notes Indenture) to: (a) incur additional indebtedness; (b) pay dividends or make other distributions or purchase or redeem capital stock or pre-pay or redeem indebtedness; (c) make any Restricted Investment (as defined in the Senior Secured Notes Indenture); (d) create or permit to exist certain liens; (e) impose restrictions on the ability of subsidiaries to pay dividends or make any other distributions or loans or transfer assets to the Company; (f) sell or otherwise transfer certain assets; (g) enter into transactions above a specified threshold with its affiliates; and (h) designate Unrestricted Subsidiaries and Project Finance Subsidiaries (each as defined in the Senior Secured Notes Indenture) under the Senior Secured Notes Indenture after the Issue Date. In addition, the Senior Secured Notes Indenture contains a covenant that limits the ability of

ContourGlobal Power Holdings S.A., the Company, ContourGlobal Worldwide Holdings S.à r.l. and ContourGlobal Terra Holdings S.à r.l. to merge or consolidate with other entities or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of their respective properties and assets, subject to certain exceptions.

The Senior Secured Notes Indenture contains customary events of default, including, among others, the failure to pay principal or interest on the Senior Secured Notes, the failure to comply with certain covenants, certain failures to perform or observe other obligations under the Senior Secured Notes Indenture and certain events of bankruptcy. The Senior Secured Notes Indenture contains customary cross default provisions, including, among others, for the failure of the Company and certain of its subsidiaries to pay any principal of, or interest on, any indebtedness when due beyond the applicable grace period provided in such indebtedness in an aggregate amount exceeding a specified threshold.

The Senior Secured Notes Indenture is governed by New York law.

(F) 2025 Notes

On 26 July 2018, ContourGlobal Power Holdings S.A. issued €450 million aggregate principal amount of senior secured notes due 2023 (the “**2023 Notes**”) and €300 million aggregate principal amount of senior secured notes due 2025 (the “**2025 Notes**”) in a private offering exempt from the registration requirements of the Securities Act. The 2023 Notes and the 2025 Notes were issued pursuant to the 2025 Notes Indenture. The 2023 Notes were redeemed on 7 January 2021.

The obligations under the 2025 Notes are fully and unconditionally guaranteed by the Company, ContourGlobal Worldwide Holdings S.à r.l., ContourGlobal Terra Holdings S.à r.l. and certain other subsidiaries of the Company. The 2025 Notes rank *pari passu* with the ContourGlobal Group’s other senior secured indebtedness.

The 2025 Notes Indenture provides that ContourGlobal Power Holdings S.A. may:

- (i) prior to 1 August 2021, on one or more occasions, at its option redeem all or part of the 2025 Notes by paying 100 per cent. of the principal amount of the 2025 Notes redeemed plus a make-whole premium and accrued and unpaid interest, if any, to, but not including, the redemption date;
- (ii) prior to 1 January 2021, on one or more occasions, redeem through the use of the net proceeds of specified equity offerings up to 40 per cent. of the aggregate principal amount of the 2025 Notes, at a redemption price in cash equal to 104.125 per cent. of the principal amount of the 2025 Notes being redeemed, plus accrued and unpaid interest to, but excluding, the redemption date, provided that at least 60 per cent. of the original aggregate principal amount of the 2025 Notes (calculated after giving effect to the issuance of additional notes, if any) remains outstanding after the redemption and the redemption occurs within 180 days after the date of the closing of such equity offering; and
- (iii) after 1 August 2021, on one or more occasions, redeem all or part of the 2025 Notes at the redemption prices set forth in the 2025 Notes Indenture, plus any accrued and unpaid interest to, but excluding, the redemption date.

The 2025 Notes Indenture contains customary provisions relating to ContourGlobal Power Holdings S.A.’s obligation to make payments free of withholding deduction and its ability to redeem the 2025 Notes in the event of certain changes in the taxation of the 2025 Notes.

If ContourGlobal Power Holdings S.A. sells certain of its assets or a Change of Control (as defined in the 2025 Notes Indenture) occurs, ContourGlobal Power Holdings S.A. must, subject to certain reinvestment rights, offer to purchase the 2025 Notes with any excess proceeds at a purchase price equal to 100 per cent. in the case of an asset sale or 101 per cent. in the case of a Change of Control (as defined in the 2025 Notes Indenture) of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, to, but excluding, the date of purchase.

Subject to a number of important exceptions and qualifications, the 2025 Notes Indenture contains customary covenants that limit, among other things, the ability of the Company and each Restricted Subsidiary (as defined in the 2025 Notes Indenture) to: (a) incur additional indebtedness; (b) pay dividends or make other distributions or purchase or redeem capital stock or pre-pay or redeem indebtedness; (c) make any Restricted Investment (as defined in the 2025 Notes Indenture); (d) create or permit to exist certain liens; (e) impose restrictions on the

ability of subsidiaries to pay dividends or make any other distributions or loans or transfer assets to the Company; (f) sell or otherwise transfer certain assets; (g) enter into transactions above a specified threshold with its affiliates; and (h) designate Unrestricted Subsidiaries and Project Finance Subsidiaries (each as defined in the 2025 Notes Indenture) under the 2025 Notes Indenture after 26 July 2018. In addition, the 2025 Notes Indenture contains a covenant that limits the ability of ContourGlobal Power Holdings S.A., the Company, ContourGlobal Worldwide Holdings S.à r.l. and ContourGlobal Terra Holdings S.à r.l. to merge or consolidate with other entities or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of their respective properties and assets, subject to certain exceptions.

The 2025 Notes Indenture contains customary events of default, including, among others, the failure to pay principal or interest on the 2025 Notes, the failure to comply with certain covenants, certain failures to perform or observe other obligations under the 2025 Notes Indenture and certain events of bankruptcy. The 2025 Notes Indenture contains customary cross default provisions, including, among others, for the failure of the Company and certain of its subsidiaries to pay any principal of, or interest on, any indebtedness when due beyond the applicable grace period provided in such indebtedness in an aggregate amount exceeding a specified threshold.

The 2025 Notes Indenture is governed by New York law.

(G) HSBC Letter of Credit Facility Agreement

On 29 March 2019, ContourGlobal Power Holdings S.A. (as borrower), the Company, ContourGlobal Worldwide Holdings S.à r.l. and ContourGlobal Terra Holdings S.à r.l. (as guarantors) and HSBC Bank USA, National Association (“**HSBC**”) (as issuing bank, lender, administrative agent and collateral agent) entered into a New York-law governed agreement for a letter of credit facility (the “**HSBC Letter of Credit Facility**”) in the total amount of €75,750,000, which was subsequently amended on 23 December 2020 and 2 March 2022 (the “**Amended HSBC Letter of Credit Facility Agreement**”). Pursuant to the Amended HSBC Letter of Credit Facility Agreement, HSBC agrees to issue letters of credit to be delivered (x) for any and all general corporate purposes or working capital requirements of ContourGlobal Power Holdings S.A. (the “**Borrower**”) and ContourGlobal plc and its subsidiaries, provided that no letter of credit issued thereunder is used in respect of any project or asset that uses coal for power generation or in any material respect (“**GC/WC Letters of Credit**”); and (y) as credit support under a facility agreement dated 3 May 2018 between (among others) ContourGlobal Mirror 2 S.à r.l. (as borrower), Goldman Sachs International (as arranger), and U.S. Bank Trustees Limited (as security agent) in an aggregate principal amount at any time outstanding not in excess of €35,338,937.50 (the “**Mirror Letters of Credit**”) and together with the GC/WC Letters of Credit, the “**HSBC Letters of Credit**”). The issuance of the GC/WC Letters of Credit (i) is not restricted to specific agreements, but may instead be made for general corporate purposes and working capital requirements; and (ii) may be made in an aggregate principal amount at any time not in excess of €75,500,000, less the aggregate amount in issuance pursuant to the HSBC Letters of Credit from time to time.

Under the terms of the Amended HSBC Letter of Credit Facility, the Borrower may request the issuance of, or an amendment to or increase of, a standby letter of credit (in form reasonably acceptable to HSBC) by HSBC, at any time prior to the earlier of 28 March 2024 and the Revolving Credit Agreement (the “**HSBC Maturity Date**”). Subject to certain exceptions and unless an earlier date is specified, each HSBC Letter of Credit expires one year after the date of issuance (or on the HSBC Maturity Date if earlier).

Interest is payable under the Amended HSBC Letter of Credit Facility on any payment or disbursement made by HSBC pursuant to a HSBC Letter of Credit at either EURIBOR plus 2.00 per cent., or, in the case of any HSBC Letter of Credit issued at the Borrower’s request by certain affiliates or branches of HSBC located outside of the United States, at EURIBOR plus 2.00 per cent. plus a reissuance fee to be mutually agreed by the Borrower and issuing bank prior to issuance of such HSBC Letter of Credit. The Amended HSBC Letter of Credit Facility Agreement contains various representations, warranties, covenants and events of default customary for transactions of this nature. The obligations under the HSBC Letter of Credit Facility Agreement are guaranteed by certain members of the ContourGlobal Group, including the Company. The HSBC Letter of Credit Facility shares the same security package as the Senior Secured Notes, with priority over the proceeds of that security package.

The HSBC Letter of Credit Facility Agreement is governed by New York law.

(H) UniCredit Letter of Credit Facility Agreement

On 10 March 2020, ContourGlobal Power Holdings S.A. as borrower, the Company, ContourGlobal Worldwide Holdings S.à r.l. and ContourGlobal Terra Holdings S.à r.l. as guarantors and UniCredit Bank AG, London

Branch (“**UniCredit**”) as issuing bank, lender, administrative agent and collateral agent entered into a New York-law governed agreement for a letter of credit facility (the “**UniCredit Letter of Credit Facility**”), which was subsequently amended on 23 December 2020 (the “**UniCredit Letter of Credit Facility Agreement**”). Pursuant to the UniCredit Letter of Credit Facility, UniCredit agrees to issue letters of credit for general corporate purposes or working capital requirements of ContourGlobal Power Holdings S.A or any Subsidiary (as defined in the UniCredit Letter of Credit Facility Agreement) of the Company in an aggregate amount not in excess of €50 million (the “**UniCredit Letters of Credit**”).

Under the terms of the UniCredit Letter of Credit Facility, ContourGlobal Power Holdings S.A. may request the issuance of, or an amendment to or increase of, a standby letter of credit (in form reasonably acceptable to UniCredit) by UniCredit, at any time up to and including 23 December 2022. The maturity date of the UniCredit Letter of Credit Facility is the earlier of: (i) 24 months after a letter of credit is first issued after 23 December 2022; and 9 March 2023 (the “**UniCredit Maturity Date**”). Subject to certain exceptions and unless an earlier date is specified, each UniCredit Letter of Credit expires one year after the date of issuance (or on the UniCredit Maturity Date if earlier).

Interest is payable under the UniCredit Letter of Credit Facility on any payment or disbursement made by UniCredit pursuant to a UniCredit Letter of Credit at EURIBOR plus 2.00 per cent. Under the UniCredit Letter of Credit Facility, ContourGlobal Power Holdings S.A. agrees to pay certain fees to UniCredit in relation to the UniCredit Letter of Credit Facility. The UniCredit Letter of Credit Facility Agreement contains various representations, warranties, covenants and events of default customary for transactions of this nature. The obligations under the UniCredit Letter of Credit Facility Agreement are guaranteed by certain members of the ContourGlobal Group, including the Company. The UniCredit Letter of Credit Facility shares the same security package as the Senior Secured Notes, with priority over the proceeds of that security package.

The UniCredit Letter of Credit Facility Agreement is governed by New York law.

(I) Bridge Facility Agreement

On 10 December 2020, the Company (as parent guarantor) entered into a senior secured bridge facility agreement (the “**Bridge Facility Agreement**”) with ContourGlobal Hummingbird US Holdco Inc. (as borrower), ContourGlobal Worldwide Holdings S.à r.l., ContourGlobal Terra Holdings S.à r.l., ContourGlobal LLC, ContourGlobal Spain Holding S.à r.l., ContourGlobal Bulgaria Holding S.à r.l., ContourGlobal Latam Holding S.à r.l., ContourGlobal Power Holdings S.A. and ContourGlobal Hummingbird UK Holdco I Limited (each as guarantors), Goldman Sachs Bank USA as mandated lead arranger, GLAS USA LLC as agent and the lenders party thereto. The Bridge Facility Agreement provides for a senior secured US\$ 175 million bridge facility (the “**Bridge Facility**”) which matures on the date falling 12 months after the date of closing of the acquisition of WGP Holdings II, LLC by ContourGlobal Hummingbird US Holdco Inc. from Western Generation Partners, LLC (the “**WGP Acquisition**”), subject to the exercise of an extension option at the ContourGlobal Group’s discretion, which has extended the maturity date for a further period of six months. The Bridge Facility ranks *pari passu* with the ContourGlobal Group’s existing notes and other senior secured indebtedness. The Bridge Facility is available to be applied for the following purposes: (i) financing the consideration payable for the WGP Acquisition; and (ii) payment of fees, costs, expenses and taxes in connection with the WGP Acquisition. The interest rate on the Bridge Facility is LIBOR-based, plus an applicable margin equal to 250 basis points stepping up 50 basis points at 30 September 2021, and thereafter stepping up 25 basis points after each 30-day period up to (and including) 30 March 2022. The Bridge Facility Agreement contains various representations, warranties, covenants and mandatory pre-payment terms customary for transactions of this nature and is governed by English law, with the exception of certain terms which are New York-law governed. The collateral package provided under the terms of the Bridge Facility Agreement is in line with the other senior secured indebtedness of the ContourGlobal Group, although it also includes pledges from ContourGlobal Hummingbird US Holdco Inc. and ContourGlobal Hummingbird UK Holdco I Limited.

(J) Waivers in respect of debt covenants

Chapada Facilities

Certain entities within ContourGlobal Group’s Chapada I, II and III projects have entered into non-recourse project-level financing arrangements with the Brazil National Development Bank (‘**BNDES**’) totalling \$170 million. The Chapada Facilities are secured over the equity and assets of Chapada do Piauí I Holding S.A., Chapada do Piauí II Holding S.A., Chapada do Piauí III Holding S.A. and their respective subsidiaries and

include certain financial covenants, including a minimum Debt Service Coverage Ratio (“DSCR”), which is tested annually for the year ended 31 December. In the event the DSCR as defined in any of the Chapada Facilities falls below the minimum required level for a given year, in the absence of a waiver from BNDES, repayment could be demanded for all the Chapada Facilities immediately following submission of the relevant covenant compliance certificate, which is due on 31 March following the year end. The DSCR has fallen below the minimum requirement for one or more of the Chapada assets in each year since 2017; however, in all such cases, waivers have been obtained confirming that BNDES will not seek to accelerate payment of any of the Chapada Facilities until at least the date of submission of the next covenant compliance certificate. Such waivers can only be sought following the end of the relevant financial year for the Chapada assets. Such a waiver has already been obtained for the year ended 31 December 2021 and the Directors expect further waivers to be forthcoming in future periods, should they be required. In the event the DSCR falls below the minimum required level in the year ending 31 December 2022, and the required waiver is not obtained from BNDES, the Chapada Facilities could become repayable immediately following submission of the relevant covenant compliance certificate, which is due on 31 March 2023. In this circumstance, due to the non-recourse nature of the Chapada I, II and III project-level financing, ContourGlobal’s exposure is limited to the \$14 million guarantee given in respect of letters of credit issued by Chapada do Piauí I Holding S.A. In this circumstance, if the Directors decide not to provide the Chapada project with the required funding to repay the Chapada Facilities, this could result in BNDES, together with the Chapada I debenture holders, acquiring the relevant assets or equity securing the Chapada Facilities, which may restrict the future distributions receivable by the ContourGlobal Group from the Chapada projects.

Cap des Biches facility

A technical breach in a minor condition regarding the number of authorised offshore bank accounts has been identified in relation to the non-recourse project-level financing of the ContourGlobal Group’s Cap des Biches asset. The relevant senior creditors (which include both the U.S. International Development Finance Corporation and IFC) to ContourGlobal Cap des Biches Senegal S.A. have provided written confirmation that they currently have no intention to accelerate the debt as a result of the challenges in securing reauthorisation of the offshore accounts.

(K) Contracts incorporated by reference

In November 2017, the Company, ContourGlobal L.P., the Reservoir Funds, Reservoir Capital and the Company President and Chief Executive Officer, Joseph C. Brandt entered into a relationship agreement, details of which are set out in the Directors’ report (page 143) of the ContourGlobal 2020 Annual Report and are incorporated by reference into this document.

6. MATERIAL CONTRACTS OF THE TARGET GROUP

Other than as disclosed below, no contracts have been entered into (other than contracts entered into in the ordinary course of business) by any member of the Target Group, either: (i) within the two years immediately preceding the date of this document and which are, or may be, material to the Target Group; or (ii) at any time, which contain any provision under which any member of the Target Group has any obligation or entitlement which is, or may be, material to the Target Group as at the date of this document:

(A) Private Instrument of Indenture of the 1st Public Issuance of Simple Debentures

On 14 June 2013, Santa Cruz Power Corporation Usinas Hidroelétricas S.A. (a member of the Target Group) (“**Santa Cruz**”), as issuer, and Planner Trustee Distribuidora de Títulos e Valores Mobiliários Ltda., as trustee, entered into a Brazil-law governed agreement for issuing bonds (referred to locally as debentures) (“**Santa Cruz Indenture**”), which was subsequently amended on 14 June 2013 and on 22 September 2015. Pursuant to the Santa Cruz Indenture, Santa Cruz issued 40 bonds distributed across four series: (i) 10 bonds pursuant to the 1st series in the total amount of BRL 5,700,000.00; (ii) 10 bonds pursuant to the 2nd series in the total amount of BRL 3,800,000.00; (iii) 10 bonds pursuant to the 3rd series in the total amount of BRL 4,100,000.00; and (iv) 10 bonds pursuant to the 4th series in the total amount of BRL 3,900,000.00, totalling in aggregate BRL 175,000,000.00 across all four series (such total amount being the “**Santa Cruz Debentures Amount**”). In the absence of any early maturity event, the maturity date of the Santa Cruz Debentures Amount is 15 June 2027. Santa Cruz has granted certain guarantees to secure its obligations under the Santa Cruz Indenture, including (a)

“fiduciary assignment”¹¹ of all present and future rights (including credit rights) assumed by Santa Cruz in respect of the account in which the Santa Cruz Debentures Amount is deposited; (b) “fiduciary assignment” of all present and future rights (including credit rights) assumed by Santa Cruz in respect of an account in which a minimum deposit balance of BRL 8.500.000,00 is maintained; (c) “fiduciary assignment” of all credit rights related to various power purchase agreements to which Santa Cruz is party and (d) “fiduciary assignment” over all shares issued by Santa Cruz and certain of Santa Cruz’s machines and equipment.

(B) Private Instrument of Indenture of the 3rd Issue of Simple Debentures

On 5 October 2021, the Target, as issuer, Oliveira Trust Distribuidora de Títulos e Valores Mobiliários S.A. (“**Trustee**”), as trustee, and Galheiros Geração de Energia S.A., Goiás Sul Geração de Energia S.A., Rio PCH I S.A., Bahia PCH I S.A. and Afluyente Geração de Energia Elétrica S.A. (jointly defined as “**Guarantors**” and each a member of the Target Group), as guarantors, entered into a Brazil-law governed instrument for issuing bonds (referred to locally as “debentures”) (“**Target Indenture**”). Pursuant to the Target Indenture, the Target issued one series of 625,000 bonds in the total principal amount of BRL 625,000,000.00 (the “**Target Debentures Amount**”), each bond having a principal value of BRL 1,000.00. In the absence of any early maturity event, the maturity date of the Target Debentures Amount is 15 October 2029. Certain guarantees were granted for fulfilment of the payment of the Target Debentures Amount pursuant the terms and conditions set forth in a Shares Fiduciary Assignment Agreement entered into by and among the Seller, the Trustee, and the Target, including (a) “fiduciary assignment” over all present and future shares issued by Target and held by the Seller, (“**Target Shares**” and “**Target Fiduciary Assignment Agreement**”); (b) “fiduciary assignment” over all dividends and all other benefits received from time to time by the Seller in respect of the Target Shares; (c) “fiduciary assignment” over all present and future shares issued by the Guarantors and held by the Target, (the “**Guarantors Shares**” and “**Guarantors Fiduciary Assignment**”, respectively) and all benefits resulting therefrom; and (d) “fiduciary assignment” over all dividends and all benefits received from time to time by the Target in respect of the Guarantors Shares.

(C) Instruments to address Hydrological Risk

Background

During 2015, due to adverse hydrological conditions, certain hydro power generation plants across Brazil which are participants in the Brazil’s Energy Reallocation Mechanism (“**MRE**”) generated less power than the amount of power that they sell into the market. Consequently, those affected MRE participants experienced a significant generation deficit, resulting in financial losses and corresponding legal claims being brought by those MRE participants.

On 18 August 2015, the Brazilian Government responded by enacting Provisional Measure No. 688, converted into Federal Law No. 13,203 dated 8 December 2015, which sought to revise the allocation of hydrological risk (i.e. the risk of reduced power generation resulting from adverse hydrological conditions (“**Hydrological Risk**”)) borne by those hydro power generation plants that share Hydrological Risk under the MRE. Federal Law No. 13,203/2015 provided for an optional mechanism that allows each power generation plant to transfer Hydrological Risk to final customers upon: (i) payment of a risk premium to the Brazilian federal government; and (ii) the formal waiver to the right to bring claims in respect of that Hydrological Risk in administrative, judicial or arbitration proceedings; but whereby the power generation plant is compensated by (iii) certain temporary extensions of power generation concessions.

Term of Renegotiation No. 33/2016

On 19 January 2016, Afluyente Geração de Energia Elétrica S.A. (“**Afluyente Geração**”) (a member of the Target Group) entered into an instrument to renegotiate the Hydrological Risk under certain power purchase agreements in the Brazilian regulated power market (“**Contrato de Comercialização de Energia Elétrica no Ambiente Regula**”, or “**CCEAR**”) pursuant to ANEEL Normative Resolution number 684 of 2015. Under the terms of the instrument, Afluyente Geração (as a power generator) agreed to pay into a bank account managed by the Brazilian Electric Power Trade Chamber (“**Conta Centralizadora de Recursos de Bandeira Tarifária**”, or “**CCRBT**”) an

¹¹ Under Brazilian law, “fiduciary assignment” consists of the provisional transfer of ownership (but not possession) of certain asset or right by the debtor or a third party to a creditor, as a guarantee of the payment of the amounts due under an underlying obligation. After payment of the underlying obligation, the debtor recovers ownership of the assigned asset/right. If the debtor defaults, the creditor can consolidate the ownership of the asset/right and sell it at auction to satisfy the debt balance.

amount corresponding to the multiplication of the power sold under the applicable CCEAR (8,55 average MW) by a risk premium of BRL 1.25 for each MWh (a measure of power delivered for each hour), starting on 9 August 2027 until 19 October 2027, in consideration for Afluente Geração having its permit granted by ANEEL for power generation extended until 19 October 2027. The risk premium is adjusted by reference to the IPCA index, a monetary index that represents the country's inflation, as published by the Instituto Brasileiro de Geografia e Estatística in January of each year (the “**IPCA Index**”). In addition, under each applicable CCEAR, Afluente Geração (as a power generator) irrevocably waives the right to bring claims in respect of that Hydrological Risk in future administrative, judicial or arbitration proceedings.

Term of Renegotiation No. 30/2016

On 19 January 2016, Goiás Sul Geração de Energia S.A. (“**Goiás Sul**”) (a member of the Target Group) entered into an instrument to renegotiate the Hydrological Risk of certain CCEARs pursuant to ANEEL Normative Resolution number 684 of 2015. Under the terms of the instrument, Goiás Sul (as a power generator) agreed to pay into CCRBT an amount corresponding to the multiplication of the power sold under the applicable CCEAR (16.2 average MW) by a risk premium of BRL 1.25 for each MWh, starting on 18 December 2032 until 16 April 2033, in consideration for Goiás Sul having its permit granted by ANEEL for power generation extended until 16 April 2033. The risk premium is adjusted by reference to the IPCA Index. In addition, under each applicable CCEAR, Goiás Sul (as a power generator) irrevocably waives the right to bring claims in respect of that Hydrological Risk in administrative, judicial or arbitration proceedings.

Term of Renegotiation No. 31/2016

On 19 January 2016, Goiás Sul entered into an instrument to renegotiate the Hydrological Risk of certain CCEARs pursuant to ANEEL Normative Resolution number 684 of 2015. Under the terms of the instrument, Goiás Sul (as a power generator) agreed to pay into CCRBT an amount corresponding to the multiplication of the power sold under the applicable CCEAR (11.81 average MW) by a risk premium of BRL 1.25 for each MWh, starting on 18 January 2034 until 25 June 2034, in consideration for Goiás Sul having its permit granted by ANEEL for power generation extended until 25 June 2034. The risk premium is adjusted by reference to the IPCA Index. In addition, under each applicable CCEAR, Goiás Sul (as a power generator) irrevocably waives the right to bring claims in respect of that Hydrological Risk in administrative, judicial or arbitration proceedings.

Term of Renegotiation No. 29/2016

On 19 January 2016, Rio PCH I S.A. (“**Rio PCH**”) (a member of the Target Group) entered into an instrument to renegotiate the Hydrological Risk of certain CCEARs pursuant to ANEEL Normative Resolution number 684 of 2015. Under the terms of the instrument, Rio PCH (as a power generator) agreed to pay into CCRBT an amount corresponding to the multiplication of the power sold under the applicable CCEAR (10.75 average MW) by a risk premium of BRL 1.25 for each MWh, starting on 18 January 2032 until 19 March 2033, in consideration for Rio PCH having its permit granted by ANEEL for power generation extended until 19 March 2033. The risk premium is adjusted according to the IPCA Index. In addition, under each applicable CCEAR, Rio PCH (as a power generator) irrevocably waives the right to bring claims in respect of that Hydrological Risk in administrative, judicial or arbitration proceedings.

Term of Renegotiation No. 28/2016

On 19 January 2016, Rio PCH entered into an instrument renegotiate the Hydrological Risk of certain CCEARs pursuant to ANEEL Normative Resolution number 684 of 2015. Under the terms of the instrument, Rio PCH (as a power generator) agreed to pay into CCRBT an amount corresponding to the multiplication of the power sold under the applicable CCEAR (12.52 average MW) by a risk premium of BRL 1.25 for each MWh, starting on 18 January 2032 until 9 March 2033, in consideration for Rio PCH having its permit granted by ANEEL for power generation extended until 9 March 2033. The risk premium is adjusted according to the IPCA Index. In addition, under each applicable CCEAR, Rio PCH (as a power generator) irrevocably waives the right to bring claims in respect of that Hydrological Risk in administrative, judicial or arbitration proceedings.

(D) Share Purchase and Sale Agreement entered into with Neoenergia S.A.

On 28 November 2016, the Target, as purchaser, and Neoenergia S.A. (“**Neoenergia**”), as seller, entered into a Brazil-law governed share purchase agreement (the “**Neoenergia SPA**”) pursuant to which the Target acquired from Neoenergia all of its equity interest in Afluente Geração, Bahia PCH I S.A., Rio PCH, Goiás Sul, Capuava Energy Ltda. and Energyworks do Brasil Ltda. (the “**Neoenergia Target Entities**”) (the “**Neoenergia Transaction**”). Completion of the Neoenergia Transaction occurred on 17 March 2017.

Pursuant to the Neoenergia SPA, Neoenergia agreed to indemnify the Target and each of the Neoenergia Target Entities and hold them harmless against any and all losses suffered or incurred by the Neoenergia Target Entities related to certain indemnifiable events that took place before the completion date of the Neoenergia Transaction. The indemnity provided by Neoenergia to the Target is subject to certain limitations (such as cap, basket and time limitations) that are customary for a Brazil law governed transaction of this nature.

The Neoenergia SPA also provides that Neoenergia will take the necessary measures before the relevant authorities to ensure that the Target's ownership of those properties where the business of the Target Group is conducted is duly reflected in the applicable certificate of records maintained by the local Real Estate Registry Offices in Brazil. Additionally, Neoenergia has agreed to take necessary steps before relevant landlords to ensure that the Target's occupation of leased properties is duly reflected in the applicable lease agreements.

7. SIGNIFICANT LITIGATION

7.1 The Retained Group

Other than as noted below, there are no, nor have there been any, governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) during the period covering 12 months preceding the date of this document, which may have, or have had in the recent past, significant effects on the Company's and/or ContourGlobal Group's financial position or profitability.

(A) *Proceedings relating to KivuWatt*

On 18 January 2019, the International Centre for the Settlement of Investment Disputes (“**ICSID**”) recognised a request for arbitration filed by Energy Utility Corporation Limited (“**EUCL**”), a private company incorporated in Rwanda, naming KivuWatt Ltd. (“**KivuWatt**”), a wholly-owned subsidiary within the ContourGlobal Group, as the respondent, alleging that it had suffered damages of approximately US\$ 80 million arising from KivuWatt's delay in entering into commercial service. EUCL alleges that the delay in entering into commercial service required it to obtain replacement electricity from imported fuel oil generation at a higher cost than it would have incurred had KivuWatt reached commercial service on time. KivuWatt contests EUCL's claim to damages over and above the US\$ 1.2 million in liquidated damages provided for in the parties' power purchase agreement (the “**KivuWatt PPA**”), which liquidated damages KivuWatt has already paid.

In the second quarter of 2019, EUCL withdrew its claim before the ICSID arbitration forum and, with KivuWatt's consent, refiled the request for arbitration before the United Nations Commission on International Trade Law (“**UNCITRAL**”) under the rules of the 1976 United Nations Commission on International Trade Law.

In connection with the above arbitration proceedings, KivuWatt has initiated a counterclaim challenging, on the basis of “manifest error”, the outcome of an expert determination initiated by KivuWatt in 2013 (the “**KivuWatt Expert Determination**”) in respect of a claim for a tariff increase under the KivuWatt PPA as compensation for additional costs incurred during construction as a result of a change in law by the government of Rwanda. KivuWatt is seeking a declaration to set aside the outcome of the KivuWatt Expert Determination which, in 2018, denied KivuWatt the benefit of the requested tariff increase.

The liability hearing in the arbitration was held on 27 September to 30 September 2021 and the parties are currently awaiting a decision. If KivuWatt is held to be liable under the arbitral decision, the parties will proceed to a hearing to determine the quantum payable, if any, in relation to the proceedings.

(B) *Arbitration against the government of Kosovo and other publicly owned entities*

On 24 May 2020, ContourGlobal Kosovo LLC (“**CG Kosovo**”), a wholly-owned subsidiary within the ContourGlobal Group, sent a notice of termination to the government of Kosovo (represented by the Ministry of Economy and Environment of the government of Kosovo) (the “**GoK**”) and other publicly operated entities, namely Kosovo Energy Corporation, J.S.C., New Kosovo Electric Company J.S.C., HPE Ibër-Lepenc, J.S.C. and Operator Sistemi, Transmission Dhe Tregu – KOSTT, SH.A., under various project documents entered into with each of those entities in respect of a project whereby CG Kosovo was to build a coal-fired power plant in Kosovo. The notice of termination was sent as a result of the alleged failure of the above-mentioned entities to meet certain obligations and conditions precedent under such project documents, which prevented the project from meeting certain required milestones by its scheduled completion date and therefore meant the project could not go forward.

On 25 September 2020, CG Kosovo sent a formal written notice of dispute under the project documents seeking development costs of approximately €20 million plus interest for late payment, as the total amount due to CG Kosovo for the termination of the project that is attributable to GoK. On 19 November 2020, CG Kosovo filed a request for arbitration with ICSID. In 2021, CG Kosovo and GoK jointly agreed to discontinue proceedings in ICSID and refile before the ICC. CG Kosovo submitted a new request for arbitration to the ICC on 9 July 2021. CG Kosovo subsequently filed a statement of claim on 15 September 2021 and GoK filed its statement of defence on 1 December 2021, and CG Kosovo will file its reply on 1 April 2022.

(C) *ContourGlobal Maritsa East 3 arbitration*

In August 2018, ContourGlobal Maritsa East 3 AD (“**CGME3**”), a subsidiary within the ContourGlobal Group, commenced a dispute resolution procedure against Natsionalna Elektrieska Kompania EAD (“**NEK**”) as offtaker under the parties’ power purchase agreement for collection of the first instalment (€10 million, net of VAT and interest) of environmental capital expenditures (in total amounting to approximately €17 million and return thereon) made by CGME3 between 2012 and 2015 in relation to new EU environmental requirements for the reduction of the emissions of sulphur dioxide and nitrous oxides. On 4 June 2019, CGME3 initiated ad hoc arbitration in accordance with the UNCITRAL arbitration rules for recovery by CGME3 of the €10 million instalment, together with VAT, contractual default interest and costs of arbitral proceedings. The hearing on liability was held in July 2021. On 8 February 2022, the Tribunal issued a partial final award, ordering NEK to pay to CGME3 €10 million plus interest, and requesting briefing by the parties as to the applicable interest rate, inclusion of VAT, and allocation of costs by 25 February 2022. On 22 February 2022 the Tribunal approved, pursuant to agreement between the parties, an extension of this deadline to 11 March 2022 (the “**Briefing Deadline**”). Briefings were submitted to the Tribunal by the parties by the Briefing Deadline. On 16 March 2022, the Tribunal granted leave to CGME3 to file a Reply to NEK’s 11 March 2022 submission by 30 March 2022, and for NEK to file a Rejoinder to CGME3’s Reply by 8 April 2022.

(D) *Mexican wheeling fees litigation*

On 28 May 2020, a resolution (RES/893/2020) was approved by the Mexican energy regulator (the “**CRE**”), amending the transmission charges (“**wheeling fees**”) earlier established for projects operating under the self-supply regime grandfathered by Mexico’s 2013 Power Reform (so called “**Legado**” projects), which resolution provided for a disproportionate increase of between 500% and 670% on the original wheeling fees. Cogeneración de Energía Limpia de Cosoleacaque, SA de CV (“**CELCSA**”) and Cogeneración de Altamira, S.A. de C.V. (“**CGA**”) (both subsidiaries within the ContourGlobal Group) currently benefit from this “**Legado**” regime. CGA and CELCSA are entitled to pass on the majority of the wheeling fees to counterparties under the terms of existing power purchase agreements. Accordingly, the plants operated by these subsidiaries are referred to as “**Legado**” plants. On 30 June 2020, CELCSA and CGA filed certain constitutional remedies (“**amparo**” lawsuits) against the increase in the wheeling fees and on 9 July 2020 CELCSA and CGA obtained injunctions preventing the proposed increase in wheeling fees pending final resolution of the underlying amparo proceedings. On 3 May 2021, the Second Specialized Judge issued a favourable ruling granting an “**amparo**” (i.e. a constitutional remedy) and determining that CRE’s resolution (RES/893/2020) is unconstitutional and deeming the increase in the wheeling fees to be disproportionate. On 19 May 2021, CRE and the federal electricity commission appealed against this ruling and parties are currently awaiting resolution by the Mexican courts. Should the CRE and federal electricity commission appeal prove successful CGA and CELCSA may incur additional wheeling fees of approximately \$12 million in aggregate for 2020 and 2021 which they will not be able to pass on to counterparties under the terms of existing power purchase agreements. Additionally, if wheeling fees are passed on to counterparties, CGA and CELCSA’s generation may become less competitive, affecting their ability to re-contract with existing customers and to attract new customers.

(E) *LIE Reform litigation*

On 10 March 2021, the Mexican Government enacted a reform of the Electricity Sector Act (the “**LIE Reform**”). One of the proposed changes under the LIE Reform is to modify the order in which electricity produced by power plants such as CGA and CELSA is dispatched to the National Electricity System (“**Dispatch Order**”), which would favour the state-owned or operated power plants and may have an adverse impact on future revenues and profits of ContourGlobal’s Mexican assets. CGA and CELCSA both filed an amparo lawsuit against this LIE Reform. The Mexican First District Court has granted CGA and CELCSA an injunction against the amendment to the LIE. This injunction prevents the application and implementation of the challenged provisions by the relevant authorities. As of the Latest Practicable Date, the appeals filed by Mexican authorities against the admission of the amparo claim and injunction of CGA are pending decision of the court. For CELCSA, the appeal against admission of the amparo

claim is also pending, but the Mexican Second Specialized Circuit Court revoked the definitive injunction on 15 July 2021 based on the legal standard required for injunctive relief. The Company is not able to quantify the potential impact on future revenues and profits of ContourGlobal's Mexican assets should the injunction be lifted, as any potential loss would depend on (i) CGA and CELCSA's subsequent placement in the Dispatch Order (such placement not being specified in the LIE Reform); and (ii) the generation capacity of state-owned or operated power plants at the time of implementation of the LIE Reform.

(F) Resolution 1094 litigation

On 7 October 2020, the CRE approved a resolution (RES/1094/2020) ("**Resolution 1094**") which included prohibitions and additional restrictions on including additional power purchase counterparties and modifying load points under permits granted to "Legado" power plants. This would adversely affect the ability of the "Legado" plants to supply new customers. On 27 November 2020, CELCSA and CGA filed amparo lawsuits against Resolution 1094 and requested an injunction from the District Court in order to prevent the CRE from using this resolution as a legal ground to resolve against or to interfere with submissions to modify permits granted to CELCSA and CGA's applicable Legado power plants. A definitive injunction, suspending the application of Resolution 1094, was granted to both CGA and CELCSA until the underlying amparo lawsuits are resolved (which are awaiting the court's decision). The suspension in favour of CGA was challenged by the CRE and is pending resolution by a Collegiate Court. CGA and CELCSA will not suffer immediate financial harm should the injunction be revoked, but their ability to enter into power purchase contracts with new customers would be adversely affected. The Company is not able to quantify the potential loss arising from an inability to secure contracts with potential new customers.

7.2 The Target Group

Other than as noted below, there are no, nor have there been any, governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) during the period covering 12 months preceding the date of this document, which may have, or have had in the recent past, a significant effect on the Target Group's financial position or profitability.

(A) Injunction proceedings relating to the Santa Cruz physical guarantee

Under certain Brazilian hydro power plants regulations (Law No. 10,848/2004, Decree No. 5,163/2004, Portaria MME No. 303/2004 and Portaria MME No. 258.2008) the Ministry of Mines and Energy (the "**MME**") applies a 'physical guarantee' to the São Domingos II power plant which determines the maximum amount of energy that the plant can supply per annum, pursuant to certain defined supply criterion. Under ministerial order Portaria MME 463/2009 (the "**Ordinance**"), every five years, ANEEL is entitled to review the generational performance of the São Domingos II power plant against its physical guarantee. The MME may then reduce the plants physical guarantee if the plant is deemed to not be producing enough energy. On 1 July 2014, under the Ordinance, the physical guarantee of the São Domingos II power plant was reduced (the "**Reduction**") by the MME after ANEEL conducted a review of generational performance, thereby restricting the amount of energy that the plant was permitted to supply per annum.

On 17 December 2014, Santa Cruz sought an injunction against the Brazilian Federal Government ("**BFG**") before Federal Court at the Federal District. The injunction was requested to (i) suspend the ordinary revision of São Domingos II physical guarantee provided by the Ordinance and (ii) annul the effects of the regulatory acts applying the reduced physical guarantee implemented by MME to the São Domingos II power plant (Portaria SPE/MME 31/2014 and Portaria SPE/MME 187/2014, or the "**Regulatory Acts**"). The injunction was sought on the basis that the methodology used by ANEEL in reviewing the generational performance of the São Domingos II power plant was flawed.

On 13 February 2015 the Federal Court granted an injunction in favour of Santa Cruz. The Federal Court (i) accepted Santa Cruz's request and suspended the effects of the Regulatory Acts, (ii) ordered the restoration of São Domingos II's original physical guarantee, (iii) suspended the automatic procedure for ordinary revision of the physical guarantee provided by the Ordinance; and (iv) issued a notification to the Chamber of Electric Energy Commercialization in Brazil of its decision.

On 18 November 2016, the BFG appealed this decision and the parties are currently awaiting the Federal Court's decision in respect of the appeal. If the BFG is successful in its appeal, it may be entitled to claim from Santa Cruz an amount equal to the accrued value of energy sold by Santa Cruz above the physical guarantee put in place in July 2014 after the Reduction, currently estimated to be approximately BRL 36 million as at January 2022.

8. WORKING CAPITAL STATEMENT

The Company is of the opinion that, taking into account existing available facilities and the Consideration, the working capital available to the Retained Group is sufficient for its present requirements, that is, for at least the 12 months following the date of publication of this document.

9. NO SIGNIFICANT CHANGE

9.1 The Retained Group

There has been no significant change in the financial performance or financial position of the Retained Group since 31 December 2021, being the date to which the last published financial statements in respect of the ContourGlobal Group have been prepared.

9.2 The Target Group

There has been no significant change in the financial position or financial performance of the Target Group since 31 December 2021, being the date to which the financial information in respect of the Target Group presented in Section B of Part IV (*Historical Financial Information on the Target Group*) of this document, has been prepared.

10. RELATED PARTY TRANSACTIONS

There were no related party transactions entered into by the Company or any other member of the ContourGlobal Group during the financial years ended 31 December 2019, 2020 and 2021, and during the period up to the date of this document, other than as disclosed in this document and the payment of salary, fees and benefits to key management personnel and amounts due to and from subsidiary undertakings.

11. CONSENTS

Investec, whose address is 30 Gresham Street, London, EC2V 7QP, has given and has not withdrawn its written consent to the inclusion in this document of the references to its name in the form and context in which it appears.

PricewaterhouseCoopers LLP (a member of the Institute of Chartered Accountants in England and Wales), whose address is 1 Embankment Place, London WC2N 6RH, has given and has not withdrawn its written consent to the inclusion in this document of its Report on the Pro Forma Financial Information in section A of Part V (*Unaudited Pro Forma Financial Information on the Retained Group*) in the form and context in which it is included. PricewaterhouseCoopers LLP's consent is required by item 13.4.1R(6) of the Listing Rules issued by the Financial Conduct Authority and is given for the purpose of complying with that provision and for no other purpose.

12. INFORMATION INCORPORATED BY REFERENCE

The following information is incorporated by reference into this document:

<u>Reference document</u>	<u>Information incorporated by reference</u>	<u>Reference document page reference</u>	<u>Page reference in this document</u>
Prospectus	Details of the Executive Directors terms of appointment	Section 6.1 of Part III (pages 172 to 173)	32
Prospectus	Details of the Non-Executive Directors' terms of appointment	Section 6.2 of Part III (page 173)	32
ContourGlobal 2019 Annual Report	Financial statements	Financial statements (page 110 and further)	10
ContourGlobal 2020 Annual Report	Financial statements	Financial statements (page 145 and further)	10
	Details of Joseph C. Brandt's carried interest arrangements	Carried interest in Brazilian assets section of the Remuneration Committee's report (page 140)	30
	Details of the ContourGlobal Group's material contracts	Relationship Agreement section of directors' report (page 143)	40
ContourGlobal's RNS, released 31 December 2020 (number 2524K)	Director's shareholding	Full announcement	29
ContourGlobal's RNS, released 18 March 2022 (number 8255H)	Financial statements	Full announcement	10, 11-12

A copy of each of the documents listed above is available for inspection in accordance with section 13 of this Part VI (*Additional Information*).

To the extent that any document or information incorporated by reference or attached to this document itself incorporates any information by reference, either expressly or impliedly, such information will not form part of this document, except where such information or documents are stated within this document as specifically being incorporated by reference or where this document is specifically defined as including such information. For the avoidance of doubt and without limitation, the contents of any websites referred to in this document (including the Company's website and any links accessible through the Company's website, and the contents of any websites accessible from hyperlinks on such websites) are not incorporated into and do not form part of this document. Only the parts of the document from which information is incorporated by reference are relevant for the purposes of this document and the other parts of such documents are not relevant to this document.

13. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection, subject to compliance with any applicable COVID-19 precautionary measures, during normal business hours on any Business Day, free of charge, at the registered office of the Company at 55 Baker Street, London, W1U 8EW, from the date of this document up to and including 25 April 2022:

- (A) the Articles;
- (B) Share Purchase Agreement;
- (C) the Prospectus;
- (D) the ContourGlobal 2018 Annual Report;
- (E) the ContourGlobal 2019 Annual Report;
- (F) the ContourGlobal 2020 Annual Report;
- (G) ContourGlobal's RNS, released 31 December 2020 (number 2524K);
- (H) ContourGlobal's RNS, released 18 March 2022 (number 2582F);

- (I) the report by PricewaterhouseCoopers LLP on the unaudited pro forma information of the Retained Group set out in Part V (*Unaudited Pro Forma Financial Information on the Retained Group*) of this document;
- (J) the letters of consent referred to in section 11 of this Part IV; and
- (K) this document.

Copies of the above documents (other than the Share Purchase Agreement) will also be published on the Company's website at <http://www.contourglobal.com>.

Part VII

Definitions

The following definitions apply throughout this document unless the context requires otherwise:

“2025 Notes Indenture”	means the indenture dated 26 July 2018 by and among ContourGlobal Power Holdings S.A. as issuer, ContourGlobal Worldwide Holdings S.à r.l., ContourGlobal Terra Holdings S.à r.l., the Company, and certain other ContourGlobal Group companies as guarantors, Wilmington Trust, National Association, as trustee and collateral agent and Citibank N.A., London Branch, as paying agent, registrar and transfer agent;
“2026 Notes”	means the €410 million aggregate principal amount of senior secured notes due 2026 as issued by ContourGlobal Power Holdings S.A. on 17 December 2020 in a private offering;
“2028 Notes”	means the €300 million aggregate principal amount of senior secured notes due 2028 as issued by ContourGlobal Power Holdings S.A. on 17 December 2020 in a private offering;
“Adjusted EBITDA”	means profit from continuing operations before income taxes, net finance costs, depreciation and amortization, acquisition related expenses, plus net cash gain or loss on sell down transactions (in addition to the entire full year profit from continuing operations for the business the sell down transaction relates to) and specific items which have been identified and material items where the accounting diverges from the cash flow and therefore does not reflect the ability of the assets to generate stable and predictable cash flows in a given period, less the Group’s share of profit from non-consolidated entities accounted for on the equity method, plus the Group’s pro rata portion of Adjusted EBITDA for such entities. In determining whether an event or transaction is adjusted, management considers quantitative as well as qualitative factors such as the frequency or predictability of occurrence;
“ANEEL”	means the National Electric Power Agency (Agência Nacional de Energia Elétrica) of Brazil;
“Articles”	means the articles of association of ContourGlobal, and reference to a specific article of the articles of association of ContourGlobal shall be to an “Article” ;
“Board”	means the board of Directors of the Company from time to time including a duly constituted committee thereof;
“Brazil Hydro-Electric Generation Business”	has the meaning set out in section 1 of Part I (<i>Letter of the Chairman</i>) of this document;
“Bridge Facility”	has the meaning given to it in section 5.2 of Part VI (<i>Additional Information</i>) of this document;
“Bridge Facility Agreement”	has the meaning given to it in section 5.2 of Part VI (<i>Additional Information</i>) of this document;
“Business Day”	means a day (other than a Saturday or a Sunday) on which banks are open for normal banking business in London, Luxembourg, New York and São Paulo;
“Buyer”	has the meaning set out in section 1 of Part I (<i>Letter of the Chairman</i>) of this document;

“CADE”	means the Administrative Council of Economic Defence (Conselho Administrativo de Defesa Econômica) of Brazil;
“CGA Closing”	has the meaning given to it in section 5.2(B) of Part VI (<i>Additional Information</i>) of this document;
“CGA Share Purchase Agreement”	has the meaning given to it in section 5.2(B) of Part VI (<i>Additional Information</i>) of this document;
“CHP Portfolio”	has the meaning given to it in section 5.2 of Part VI (<i>Additional information</i>) of this document;
“CHP Acquisition”	has the meaning given to it in section 5.2 of Part VI (<i>Additional Information</i>) of this document;
“Closing”	means the completion of the sale and purchase of the Target Shares pursuant to the Share Purchase Agreement;
“Company” or “ContourGlobal”	means ContourGlobal plc, a company incorporated under the Companies Act 2006 and registered in England and Wales with registered number 10982736 whose registered office is at 55 Baker Street, London, W1U 8EW;
“Companies Act 2006” or “Companies Act”	means the UK Companies Act 2006, as amended from time to time;
“Conditions”	means the conditions precedent to Closing, as described in section 3 of Part III (<i>Summary of the Principal Terms and Conditions of the Disposal</i>) of this document;
“Consent Condition”	has the meaning given to it in section 3 of Part III (<i>Summary of the Principal Terms and Conditions of the Disposal</i>) of this document;
“Consideration”	has the meaning set out in section 1 of Part I (<i>Letter of the Chairman</i>) of this document;
“COVID-19”	means the Corona Virus Disease 2019 as designated by the World Health Organization;
“ContourGlobal Group” or “Group”	means the Company and its subsidiaries and subsidiary undertakings from time to time;
“ContourGlobal 2017 Annual Report”	means the 2017 Annual Report published by the Company on 9 April 2018;
“ContourGlobal 2020 Annual Report”	means the 2020 Annual Report published by the Company on 1 April 2020;
“ContourGlobal Group Share Plans”	means the share plans currently operated by the Company;
“Directors”	means the directors of the Company, whose names appear in section 3.1 of Part VI (<i>Additional Information</i>) of this document, or the directors from time to time of the Company, as the context requires, and “ Director ” shall be construed accordingly;
“Disclosure and Transparency Rules”	means the disclosure guidance and transparency rules made by the FCA under section 73A of the FSMA;
“Disclosure Requirements”	means articles 17, 18 and 19 of the Market Abuse Regulation;

“Disposal”	means the proposed disposal by the Seller to the Buyer of all of the Target Shares, subject to the fulfilment of certain Conditions, pursuant to the Share Purchase Agreement;
“document” or “Document”	means this circular;
“EBITDA”	means the reported combined profit from continuing operations for all controlled assets before income taxes, net finance costs, depreciation and amortization;
“Equity Commitment Letter”	has the meaning given to it in Part III (<i>Summary of the Principal Terms and Conditions of the Disposal</i>) of this document;
“Executive Directors”	means those Directors who hold the position of executive Director of the Company as at the date of this document, and each an “ Executive Director ”;
“FCA” or “Financial Conduct Authority”	means the Financial Conduct Authority of the United Kingdom in its capacity as the competent authority for the purposes of Part VI of the FSMA and the UK Financial Services Act 2012 and in the exercise of its functions in respect of the admission to the Official List otherwise than in accordance with Part VI of the FSMA;
“FCA Dispensation”	means a dispensation granted by the FCA to the Company, pursuant to the Statement of Policy and Technical Supplement entitled “Technical Supplement—modification of general meeting requirements under the Listing Rules” published by the FCA on 8 April 2020, from the requirement to hold a general meeting of the Shareholders for the purposes of approving the Disposal as a class 1 transaction for the purposes of Chapter 10 of the Listing Rules;
“FSMA”	means the Financial Services and Markets Act 2000, as amended;
“Funds From Operations”	means the cash flow from operating activities, excluding changes in working capital, less interest paid, maintenance capital expenditure and distribution to minorities;
“IFRS”	means the International Financial Reporting Standards as adopted by the European Union;
“Investec”	means Investec Bank plc;
“Irrevocable Undertaking”	has the meaning given to it in section 10 of Part I (<i>Letter of the Chairman</i>) of this document;
“Latest Practicable Date”	means 7 April 2022 (being the latest practicable date prior to publication of this document);
“Listing Rules”	means the listing rules made by the FCA under section 73A of the FSMA;
“Long Stop Date”	has the meaning given to it in section 3 of Part III (<i>Summary of the Principal Terms and Conditions of the Disposal</i>) of this document;
“LSE”	means London Stock Exchange plc or any recognised investment exchange for the purposes of the FMSA that may take over the functions of London Stock Exchange plc;
“Market Abuse Regulation”	means Regulation (EU) No 596/2014 of the European Parliament and of the Council, as applicable in the UK by virtue of section 3 of the European Union (withdrawal) Act 2018, as amended from time to time (including by the Market Abuse (Amendment) (EU Exit) Regulation 2019);

“MW”	means megawatts;
“Non-Executive Directors”	means the Directors who hold the position of Chairman or non-Executive Director as at the date of this document, and each a “Non-Executive Director”;
“Official List”	means the official list maintained by the FCA for the purposes of Part VI of the FSMA;
“Ordinary Shares”	means ordinary shares of £0.01 nominal value each in the share capital of the Company having the rights set out in the Articles;
“Parent Guarantee”	has the meaning given to it in section Part III (<i>Summary of the Principal Terms and Conditions of the Disposal</i>) of this document;
“Patria Infraestrutura”	Patria Infraestrutura IV Fundo de Investimentos em Participações, a private equity fund managed by Pátria Investimentos Ltda.;
“PPA”	means a power purchase agreement, being a contractual agreement to purchase an amount of energy and/or to reserve the generating capacity of a generating facility at an agreed price, for a certain time, in advance of producing such energy or utilizing such generating capacity, and “PPAs” shall be construed accordingly;
“Premium Listing”	means a listing of shares on the “Premium Listing (commercial company)” segment of the Official List;
“Prospectus”	means the document comprising a prospectus dated 9 November 2017 relating to the Company in connection with the admission of its Ordinary Shares to the Premium Listing segment of the Official List and to trading on the main market for listed securities of the LSE;
“Prospectus Delegated Regulation”	means the UK version of the Commission delegated regulation (EU) 2019/980 (“EU Prospectus Delegated Regulation”) which came into effect on 1 January 2021 when EU Prospectus Delegated Regulation was incorporated into UK domestic law by the EU Withdrawal Act, with certain modifications;
“Prospectus Regulation Rules”	means the prospectus regulation rules of the FCA made pursuant to section 73A of the FSMA;
“Reorganisation”	has the meaning given to it in section 4 of Part III (<i>Summary of the Principal Terms and Conditions of the Disposal</i>) of this document;
“Reorganisation Condition”	has the meaning given to it in section 3 of Part III (<i>Summary of the Principal Terms and Conditions of the Disposal</i>) of this document;
“Reorganisation Indemnity”	has the meaning given to it in section 6 of Part III (<i>Summary of the Principal Terms and Conditions of the Disposal</i>) of this document;
“Resolution”	means the resolution on the terms set out in italics in section 9 of Part I (<i>Letter from the Chairman</i>) of this document and which the Company would have put to its Shareholders at a general meeting to approve the Disposal for the purposes of Chapter 10 of the Listing Rules, had the Company been required to convene such a meeting in the event that the FCA Dispensation available under the Statement of Policy was not granted;

“Requisite Shareholder Undertakings”	has the meaning given to it in section 3 of Part III (<i>Summary of the Principal Terms and Conditions of the Disposal</i>) of this document;
“Retained Group”	the ContourGlobal Group (excluding the Target Group);
“Securities Act”	means the U.S. Securities Act of 1933, as amended;
“Seller”	has the meaning set out in section 1 of Part I (<i>Letter of the Chairman</i>) of this document;
“Senior Managers”	means the persons named as Senior Managers of the Company in section 3.2 of Part VI (<i>Additional Information</i>) of this document;
“Senior Secured Notes”	means the 2026 Notes and the 2028 Notes jointly;
“Senior Secured Notes Indenture”	means the indenture dated 17 December 2020 by and among ContourGlobal Power Holdings S.A. as issuer, ContourGlobal Worldwide Holdings S.à r.l., ContourGlobal Terra Holdings S.à r.l., the Company, and certain other ContourGlobal Group companies as guarantors, Wilmington Trust, National Association, as trustee and collateral agent and Citibank N.A., London Branch, as paying agent, registrar and transfer agent;
“Share Purchase Agreement”	means the share purchase agreement dated 20 January 2022 between the Buyer and the Seller, as described in Part III (<i>Summary of the Principal Terms and Conditions of the Disposal</i>) of this document;
“Shareholder Approval Condition”	has the meaning given to it in section 3 of Part III (<i>Summary of the Principal Terms and Conditions of the Disposal</i>) of this document;
“Shareholders”	means holders of Ordinary Shares, from time to time;
“Sponsor”	means Investec, with address at 30 Gresham Street, London, EC2V 7QP;
“Statement of Policy”	means the FCA’s Statement of Policy and Technical Supplement entitled “ <i>Technical Supplement—modification of general meeting requirements under the Listing Rules</i> ”, each published on 8 April 2020 by the FCA;
“subsidiary” and “subsidiary undertaking”	have the meanings given to them in sections 1159 and 1162 (respectively) of the Companies Act 2006;
“Target”	has the meaning set out in section 1 of Part I (<i>Letter of the Chairman</i>) of this document;
“Target Group”	has the meaning set out in section 1 of Part I (<i>Letter of the Chairman</i>) of this document;
“Transaction Documents”	means the Share Purchase Agreement, the Parent Guarantee, the Equity Commitment Letter and the Irrevocable Undertaking;
“Unaudited Pro Forma Financial Information”	means the unaudited pro forma statement of net assets and the related notes set out in Section B of Part V (<i>Unaudited Pro Forma Financial Information on the Retained Group</i>) of this document;
“UNCITRAL”	has the meaning given to it in section 8 of Part VI (<i>Additional Information</i>) of this document;

“United Kingdom” or “UK” means the United Kingdom of Great Britain and Northern Ireland;

“United States” or “US” means the United States of America, its territories and possessions, any state of the United States of America, the District of Columbia, and all other areas subject to its jurisdiction; and

“Warranty Claim” has the meaning given to it in section 6 of Part III (*Summary of the Principal Terms and Conditions of the Disposal*) of this document.

Reference to a **“company”** in this document shall be construed so as to include any company, corporation or other body corporate, wherever and however incorporated or established.

