

Project CACTUS – Green H2

Preliminary Joint Venture Structure 1

This document sets out the main preliminary terms and conditions (the “PTS”) concerning a Joint Venture Agreement (JVA) to be entered into to Energia Verde Cactus Projeto e Participacoes LTDA (“CACTUS”) and Enel Green Power (“EGP”) with reference to Green H2 project to be developed in Ceará - Brasil as indicated under Annex 1 (the “Project”).

The preliminary structure below, is in any case subject to a final tax evaluation by CACTUS and EGP concerning both (i) the corporate structure (as for example whether to set up a Holding Company), and (ii) the allocation of amount to be received by CACTUS as equity value (i.e. as a consideration for the sale of the share hold in the relevant target companies) or as a service fee (in favour of a CACTUS’s group company, for services to be carried out in the context of the development of the Project (including, particularly, the Service Fee (as infra defined)); under the JVA a general principle allowing CACTUS, at any time throughout the investment, to choosing how to allocate the amount to be received, will be set out.

Terms and conditions reflected herein under the PTS are indicative and subject to change. The economics term are subject to change and any change in assumptions could have material impact on the terms and conditions reflected herein. Content of this term sheet shall under no circumstances be construed as a binding offer capable of being accepted by the EGP. Finalized terms and conditions are subject to further discussion, negotiation, internal approvals, and due diligence. Finalized and binding terms and conditions will be contained in a definitive agreement.



cactusgreenenergy.com.br

+55 85 3213 5432

Av. Desembargador Moreira, 2120
sala 907 · Fortaleza · CE · Brasil

<p>Parties</p>	<p>CACTUS, as developer EGP, as co- developer and investor</p>
<p>Target Company</p>	<p>CACTUS is a company incorporated taking into account (i) the legislation in force in Brazil for the development of the project, (ii) the general principle of Brazilian corporate law and (iii) to have maximum flexibility in the allocation of shares and the best efficiency in the event of the sale of the shares taking into account the limitation of the tax regime in Brazil. An exclusivity right will be granted by CACTUS to the Investor for a period of 60 days from the execution of this PTS in order to negotiate the JVA and any other relevant binding agreement and receive the Tax Opinion.</p>
<p>Project Phases – Decision Gate</p>	<p>The Term Sheet ("TS") and the JVA are divided into Phases, defined on the basis of current legislation applicable to the "hydrogen" ("H2") sector in Brazil. At the end of each Phase there will be a "Decision Gate" ("DG") to move on to the next Phase In the event that the H2 sector were regulated by specific rules, the first two Phases could undergo changes in objectives and contents, but, in any case, Phase 2 would close in the same way and also the DG for the transition to Phase 3 it wouldn't change.</p>
<p>Phase 0 Initial Phase</p>	<p>From the establishment of the Cactus company to the JVA with EGP. By way of example only, this Phase includes the following activities:</p> <ul style="list-style-type: none"> • Signature of the MOU with the Government of the State of Ceara; • Signature of the MOU with the CIPP; • Elaboration Basic Project; • EGP DD • TPS and JVA define and sign.
<p>Decision Gate 0</p>	<p>Once the Due Diligence ("DD") has been completed, EGP will be able to: (i) approve the project (the "Approved Project"); OR (ii) reject the Project (it being understood that there will be no obligation in any capacity between EGP and CACTUS, also with regard to any exclusive right).</p> <p>If the Project is Approved, CACTUS and EGP members will sign the JVA, which, among other things, will include:</p> <ul style="list-style-type: none"> • the transfer of 50% of the shares of CACTUS to EGP, which will pay the shareholders of CACTUS the price of 500,000 euros (equal to approximately 2.75 million reais) on the date of the transfer of the shares of CACTUS; • shareholder financing by EGP ("EGP SHL") for carrying out the activities envisaged in Phases 1 and 2, disbursed on the basis of Budgets agreed between the Parties and annexed to both this PTS and the JVA; • the various hypotheses and related decisions to be taken by EGP in DG 2 to finance Phase 3; • the different hypotheses and related decisions to be taken by EGP in DG 3 to finance Phase 4.



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<p style="text-align: center;">Phase 1 (Environmental Assessment/LP/LI)</p>	<p>From the Elaboration of the EIA/Rima to Licença Previa (LP) / Licença de Instalação (LI).</p> <p>By way of example only, this Phase includes the following activities:</p> <ul style="list-style-type: none"> • Elaboration of the EIA/Rima; • Public Hearing; • COEMA Approval; • Pre-contract with CIPP for land availability; • Land contract signed with CIPP; • Carta Anuencia Municipal.
<p style="text-align: center;">Decision Gate 1</p>	<p>In the event that the LP is not obtained within a long stop date to be indicated pursuant to the JVA, the JVA will provide for a right of withdrawal by EGP provided in any case that (i) the price paid for the purchase of the shares will be retained by the shareholders of CACTUS, (ii) the shares are transferred to the shareholders of CACTUS or are retained by EGP but the Governance rights are "frozen" and (iii) the 1st Development Loan granted by EGP to CACTUS will be registered in the Accounting book. The relevant EGP SHL will be reimbursed to EGP only if the Project is sold to a third party investor within [36] months after EGP sends the relevant exit notice, as long as the sale has generated a target value to be disclosed under the JVA (the "Investor Exit Mechanism").</p>
<p style="text-align: center;">Phase 2 (Feasibility)</p>	<p>From the obtainment to the LP / LI to the decision gate deadline (i.e. a term to be decided to complete the feasibility study of the Project, the "Feasibility").</p> <p>During this phase, the Business Plan will be definitively set out providing, among others, all the economic aspect of the project, including (A) all the cost relating to the acquisition of all the information, data, permits, authorization needed (including all the project contract), and (B) the revenue structure (i.e. H2 sale structure and pricing).</p> <p>During phase 2, to finance Phases 3 and 4, an INVESTOR will be identified for each of the SPVs, who may be a THIRD PARTY Investor - "TPI" or, even, EGP itself.</p>
<p style="text-align: center;">Decision Gate 2</p>	<p>EGP will decide, within the framework of the Feasibility LSD, whether to evaluate the Project's feasibility (for all aspects) and continue (i) financing its development, (ii) seeking a Third Party Investor or (iii) exiting the project.</p> <p>In the latter case, the Investor Exit Mechanism used for the Phase 1 EGP SHL will also apply to the Phase 2 EGP SHL.</p> <p>If EGP decides to continue funding the Project, once the value of the CACTUS has been defined at the end of Phase 2, EGP must:</p> <ul style="list-style-type: none"> • purchase 30% of the shares owned by the current shareholders of the CACTUS, to bring its stake to 80%, at a price related to the value of CACTUS at the end of Phase 2; • make another shareholder loan on the basis of the budget, agreed between the Parties, for the development of Phase 3 and the implementation of Phase 4. <p>If EGP decides to identify a TPI (may be an H2 technology industrialist or an offtaker or a financial operator), that continues to finance the Project, having defined the value of the CACTUS at the end of Phase 2, the Parties will have to define a new JVA with the TPI, which provides that the TPI:</p> <ul style="list-style-type: none"> • acquire [x]% of the shares owned by the current shareholders of CACTUS and [x]%, to bring the TPI stake to [x]%, at a price related to the value of CACTUS at the end of Phase 2;

	<ul style="list-style-type: none"> make a shareholder loan on the basis of the budget, agreed between the Parties, for the development of Phase 3 and the implementation of Phase 4.
Phase 3 (Ready to Built / LI)	From the Decision Gate 2 to the obtainment of the Building Licence (Licenza di Installazione) (the "LI"); during this Phase the executive project will be approved.
Decision Gate 3	Depending on the choice made in DG 2, the implementation of the project can be done by EGP or by TPI. In case EGP or the TPI do not want to implement the project, it will be sold to a Final Investor ("FI").
Phase 4 (Implementation)	In this Phase the electrolysis plant and all the other plants envisaged in the executive project will be built, for which the LI will be obtained.
Corporate structure Capital Percentage	In Phases 1 and 2 the shares of CACTUS will be 50% owned by each partner (Current CACTUS / EGP members). In these 2 Phases, specific corporate governance provisions of HoldCo and of each SPV will be established providing, in any case, that even in the event of a deadlock, no provision can lead EGP to directly acquire 100% of CACTUS (in the event of a deadlock, the also the "Investor Exit Mechanism"). In order to avoid risks of deadlock, a steering committee will be considered to assign to this body the main strategic and technical decision for the benefit of the Projects. In Phase 3 and in Phase 4, it must be foreseen (in the JVA with EGP or in the new one with TPI) that the residual quota of the current members of CACTUS is protected and remains the same, without being able to decrease for any reason, until the end of Phase 4 itself.
Right of first refusal	Current members of CACTUS who already offer consultancy and assistance services will have the right of first refusal on: <ul style="list-style-type: none"> i. engineering services covering the entire development phase up to the achievement of RtB status subject to the cost control procedure agreed with EGP and approved by it; ii. Asset Management Agreement (to be signed on the date of achievement of RtB status for both the construction and operation phases); iii. Legal Assistance to be provided in favor of CACTUS for the entire development agreement, the negotiation of the Project Contracts and the Project Finance. iv. [note: the JVA must stipulate that one of the criteria for the selection of the TPI is the acceptance of the pre-emption of the current members of CACTUS pursuant to this section]

Sincerely,,

CACTUS ENERGIA VERDE.



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