



## **REPORT OF THE BOARD OF DIRECTORS OF CORPORACIÓN FINANCIERA ALBA, S.A., IN RELATION TO THE PROPOSED DELISTING OF THE COMPANY'S SHARES BY LAUNCHING A TAKEOVER BID AND THE PRICE OFFERED**

### **1. INTRODUCTION**

The Board of Directors of CORPORACIÓN FINANCIERA ALBA, S.A. (the "**Company**" or "**ALBA**") at its meeting on 12 December 2024, unanimously agreed to submit for consideration and approval, as the case may be, to the Extraordinary General Shareholders' Meeting of the Company, to be held on 16 January 2025, at first call, and, if necessary, on 17 January 2025, at second call, a resolution for the delisting of the shares representing the Company's entire capital from the Madrid, Barcelona and Bilbao Securities Markets, through the launching by the Company, in conjunction with Mr Carlos March Delgado and Son Daviú, S.L.U., a company wholly controlled by the former, of a takeover bid for all the shares of ALBA (the "**Takeover Bid**"), in accordance with the provisions of Article 65 of the Securities Markets and Investment Services Act 6/2023, of 17 March (the "**LMVSI**") and in Article 10 and related Articles of Royal Decree 1066/2007, of 27 July, on the system of public takeover bids for the acquisition of securities (the "**RD 1066/2007**").

In accordance with the provisions of Article 65.3 LMVSI and Article 10.5 of the RD 1066/2007, as well as Article 249 bis. f) of the restated text of the Spanish Companies Act (approved by Royal Legislative Decree 1/2010, of 2 July), the Board of Directors of the Company unanimously resolved to prepare and approve this report, in order to justify in detail the proposed delisting of the Company's shares and the price offered in the Takeover Bid, as well as the other terms and conditions of the Takeover Bid (the "**Report**").

The Report will be made available to the Company's shareholders and published continuously on its website as from the publication of the announcement of the corresponding Extraordinary General Shareholders' Meeting.

### **2. JUSTIFICATION OF THE DELISTING PROPOSAL AND THE TAKEOVER BID PRICE**

#### **2.1. Justification of the delisting**

The current capital of the Company amounts to EUR 60,305,186, represented by 60,305,186 shares, each with a face value of one euro (€1), fully subscribed and paid in.

All the shares form a single class of shares and are represented by means of book entries.

At the date of this report, the Company's significant shareholders are: (i) Mr Carlos March Delgado, with 21.93% of the share capital, which includes the indirect stake held through Son Daviú, S.L.U. and Ms Concepción de la Lastra



Ramos Paul; (ii) Mr Juan March Delgado, with 20.18% of the share capital, which includes the indirect stake he holds through MB Inversiones, S.A. and Surisla, S.A. (including the shareholdings of Fundación Juan March and Fundación Instituto Juan March de Estudios e Investigaciones, of which he is chairman of the foundations' boards (*patronatos*), Mr Juan March Delgado holds 22.35% of the share capital of the Company); (iii) Banca March, S.A., with 15.04% of the share capital; (iv) Mr Juan March de la Lastra, with 8.79% of the share capital, which includes the indirect holding held through Atacampa, S.A.; (v) Mr Juan March Juan, with 5.12% of the share capital, which includes the indirect stake held through Peña Tajada, S.A.; (vi) Ms Catalina March Juan, with 4.64% of the share capital; and (vii) Ms Gloria March Delgado, with 3.72% of the share capital, which includes the indirect stake held through Agropecuaria El Águila, S.A. These significant shareholders jointly hold 81.59% of the share capital. In addition, other family members who individually do not reach the 3% threshold, together hold 13.04% of the share capital.

The current low dispersion of shareholding prevents adequate levels of dissemination and liquidity necessary for the proper trading of the Company's shares, as evidenced by the low volume of transactions. The lack of liquidity and the low levels of transactions and trading volume also prevent the share price from reflecting the true value of the Company, which, in the opinion of the Board of Directors, does not benefit the Company or its shareholders. Furthermore, it has also been found that this lack of liquidity has led to a significant reduction in the monitoring of the shares by analysts and experts.

In view of the high concentration of shareholders and the lack of liquidity of the shares, and also taking into account the criteria of economy and efficiency in the performance of the Company's activity, particularly the high economic and structural costs involved in the market listing, the Board of Directors considers that delisting is fully justified from the perspective of the Company's interests, and therefore submits the corresponding delisting resolution for consideration by the Extraordinary General Shareholders' Meeting of the Company, through the launch of the Takeover Bid by the Company, in conjunction with Mr Carlos March Delgado and Son Daviú, S.L.U., a company controlled by the former.

## 2.2. Delisting procedure

The delisting of the Company's shares from the Madrid, Barcelona and Bilbao Securities Markets (Continuous Market) will be carried out, in the event of approval of the resolution by the Extraordinary General Shareholders' Meeting, by means of the launching of the Takeover Bid by the Company, together with Mr Carlos March Delgado and Son Daviú, S.L.U., a company wholly controlled by the former (the "**Bidders**"), for which purpose it will submit the corresponding request for authorisation of the Takeover Bid to the Spanish Securities Market Commission (*Comisión Nacional del Mercado de Valores*) ("**CNMV**").

For this purpose, on 12 December 2024, the Board of Directors of Son Daviú, S.L.U. approved the launching of the delisting takeover bid.



In accordance with the provisions of Article 10.4 of the RD 1066/2007, the Bidders will launch the Takeover Bid, provided that the approval of the Extraordinary General Shareholders' Meeting is obtained. Also in accordance with the provisions of the RD 1066/2007, the Company's shares will be delisted from official trading once the Takeover Bid has been settled (Article 10.7 of the RD 1066/2007).

The Takeover Bid will be directed at all the shares that make up the Company's capital, in accordance with the provisions of Article 10 of the RD 1066/2007. However, the shares corresponding to Mr Carlos March Delgado, Son Daviú, S.L.U. and the other shareholders who vote at the Extraordinary General Shareholders' Meeting in favour of the delisting and who freeze their shares until the end of the acceptance period of the Takeover Bid, referred to in Article 23 of the RD 1066/2007, will be excluded for these purposes. According to the information available to the Company, in addition to Mr Carlos March Delgado and Son Daviú, S.L.U., holders of 21.51% of the share capital, other shareholders holding a percentage of 72.95% of the share capital have undertaken to vote in favour of the delisting resolution at the Extraordinary General Shareholders' Meeting and to freeze their shares until the end of the Takeover Bid acceptance period, meaning that the Takeover Bid will effectively be directed at a maximum percentage of 5.54% of the Company's capital.

As for the Takeover Bid acquisition structure, the shares included in the acceptances received will be distributed according to the following distribution rule:

- (i) first, Mr Carlos March Delgado and Son Daviú, S.L.U., a company wholly controlled by the former, will acquire the shares representing up to a maximum of 1.50% of the share capital, in the order and proportion determined in accordance with the distribution rules specified in the request for authorisation of the Takeover Bid and in the corresponding Takeover Bid prospectus; and,
- (ii) second, the remaining shares included in the acceptances of the Takeover Bid will be acquired by the Company.

The shares acquired by the Company will not be redeemed but will be allocated to the Company's treasury stock.

Therefore, in compliance with the provisions of Article 65.3 LMVSI and Article 10 of the RD 1066/2007, the Board of Directors intends to submit the following corporate resolutions in relation to the Takeover Bid for the consideration and approval, as the case may be, of the Extraordinary General Shareholders' Meeting of the Company:

1. Delisting of the shares representing the Company's entire share capital



from the Madrid, Barcelona and Bilbao Securities Markets and, to this effect, launching of a delisting public takeover bid, in conjunction with Mr Carlos March Delgado and Son Daviú, S.L.U., for all the shares of Corporación Financiera Alba, S.A., in accordance with the provisions of Article 65 of the Securities Markets and Investment Services Act 6/2023, of 17 March, and Articles 10 and concordant provisions of Royal Decree 1066/2007, of 27 July, on the system of public takeover bids for the acquisition of securities.

2. Delegation for the execution of the resolutions adopted at the Meeting.
3. Approval of the minutes

Once the above-mentioned resolutions have been adopted by the Extraordinary General Shareholders' Meeting, the Bidders will submit the corresponding application for authorisation of the Takeover Bid to the CNMV for examination and approval, together with the other supplementary documentation envisaged in the RD 1066/2007.

### **2.3. Justification of the consideration**

The Takeover Bid will take the form of a sale and purchase, in accordance with the provisions of Article 10.3 RD 1066/2007, meaning that the entire consideration will be monetary, and will be paid to the shareholders who accept the Takeover Bid at the time the operation is settled.

The Takeover Bid price has been set at the amount of EUR 84.20 per share, from which any dividend or distribution that ALBA pays prior to the settlement of the Takeover Bid will be deducted.

The Takeover Bid price, EUR 84.20 per share, has been set in accordance with the provisions of Article 10 RD 1066/2007. In this regard, this price is not lower than the higher of the fair price referred to in Articles 110 LMVSI and 9 RD 1066/2007 and that resulting from taking into account, together and with justification of their respective relevance, the methods contained in Article 10.5 RD 1066/2007. It is also noted that neither ALBA nor its Directors have acquired or agreed to acquire ALBA shares, directly or indirectly, in the twelve months prior to 12 December 2024 at a higher price to that mentioned above (EUR 84.20 per share).

In order to determine the price to be paid for the shares in the Takeover Bid, ALBA has appointed Grant Thornton Advisory, S.L.P, a Spanish company, with registered office at Paseo de la Castellana, 81, 28046 Madrid, recorded at the Commercial Registry of Madrid on Sheet M-657,404 and holder of Tax Identification Number (CIF) B63120513 ("**Grant Thornton**"), as an independent expert for the preparation of a valuation report on the Company's shares, based on the criteria and methods established in Article 10.5 RD 1066/2007. For this purpose, Grant Thornton issued the corresponding valuation report (the



"**Valuation Report**") on 10 December 2024, a copy of which is attached hereto as **Annex 1**. It is noted that the valuation date of the Valuation Report is 31 October 2024.

Based on the content and conclusions of the Valuation Report prepared by Grant Thornton, the values determined by the Board of Directors according to the valuation methods provided for in Article 10.5 RD 1066/2007 together with the justification of their respective relevance are those set out below.

### *2.3.1. Net book value*

The net book value methodology ("**NBV**") is based on the net book worth of a company, which varies depending on whether the individual or consolidated financial statements of a company are used, and can be defined as the difference between the book value of a company's assets and liabilities, or as the value of own funds or net worth, excluding minority interests. Consequently, the net book value per share is the result of dividing the net worth by the number of shares (excluding treasury stock).

Grant Thornton in the Valuation Report analysed the Company's NBV using the limited review consolidated financial statements, as at 30 June 2024. The Company does not hold shares as treasury stock.

According to this valuation method, (based on the limited review consolidated financial statements at 30 June 2024), the value of the Company's shares is EUR 78.7.

The Board of Directors, based on Grant Thornton's Valuation Report, has not considered this method to be appropriate for valuing the Company's shares. However, the consolidated NBV has been taken into account as a benchmark to determine the fair value of the Company's shares, since, in addition to there being items on the Company's balance sheet recorded for amounts that are not substantively different to the fair value, the consolidated VTC is significantly higher than the trading price at the date of the valuation by Grant Thornton.

### *2.3.2. Liquidation value*

The liquidation value ("**LV**") of a company refers to the net value of the company in the event of dissolution or definitive cessation of its activity. In particular, it is based on calculating the remaining equity that would result from liquidating all the assets and liabilities of a company, taking into account the gains or losses generated in the process, the taxes derived from it, payment of costs incurred in the cessation of the activity, indemnification, transaction costs, legal expenses and other contingencies.

As indicated in the Valuation Report, the application of this method would result in values significantly below those obtained using other valuation methodologies considered appropriate or as benchmarks and, as such, it has



not been necessary to calculate it for the purpose of determining the value of the Company's shares.

*2.3.3. Weighted average share price for the semester immediately prior to the date of the announcement of the proposed delisting*

This valuation method takes as a reference the weighted average price ("**WAP**") of the Company during the six-month period immediately prior to the date of the announcement of the proposed delisting, on 12 December 2024.

In the six-month period prior to the date of the announcement of proposed delisting, the volume-weighted average price was EUR 49.82 per share and the closing price at the valuation date was EUR 48.1 per share.

However, on the basis of the Valuation Report, the Board of Directors considers that the Company's trading price is not a valid market reference for estimating its fair value, since in the case of the Company there is no significant free float, the liquidity and frequency of transactions is very low, and the criteria for considering there is a liquid market in accordance with Article 1 of Delegated Regulation (EU) 2017/567 are not met.

In light of the foregoing, the Board of Directors considers, based on the Valuation Report, that the true value potential of the Company is more solidly and reasonably obtained through the application of other methods, such as the sum of the parts, explained below.

*2.3.4. Consideration offered in takeover bids in the preceding year*

This methodology is based on the consideration paid by the Bidders for the same securities analysed in the twelve months prior to the valuation date of the Valuation Report.

However, no bid was made in the year preceding the date of the delisting resolution, so there is no point of reference for this method.

*2.3.5. Other applicable valuation methods*

In accordance with Article 10.5 (e) RD 1066/2007, other valuation methods applicable to the Takeover Bid and commonly accepted by the international financial community have also been considered:

*(i) Multiples of comparable companies*

The method of multiples of comparable companies, both listed and those that have been the subject of recent transactions, indicates the fair value of a company's business or shares by comparing it with the resulting multiples of listed companies, on the one hand, and, on the other, of companies that have been the subject of a recent transaction, whose businesses are similar to



those of the valued company. After calculating and adjusting the price and business value multiples of the comparable companies, these are applied to the results of the business in question to reach a valuation.

As indicated in the Valuation Report, Grant Thornton chose comparable companies based on size, type of holding and assets in which it invests with a greater degree of similarity to the Company. For its analysis, Grant Thornton selected the trading price multiple over the consolidated book value as a reference multiple, on the understanding that it is the only one that offers a certain degree of representativeness in relation to the Company's particular business. The application of this method gives a range of between EUR 46.9 and EUR 50.1 per share.

However, in the opinion of Grant Thornton, the selected sample of comparable companies has significant limitations regarding their degree of comparability in relation to the existence of relevant differences with the Company in terms of the nature of the investments, type and average life of the investments, etc., meaning that the multiples do not reliably or adequately reflect the particularities of the Company, and it cannot be considered sufficiently comparable to that sample.

Therefore, the Board of Directors, based on the Valuation Report, rules out this method as an appropriate method for a valid reference of the Company's value or as a contrast to other methodologies used.

*(ii) Dividend discount*

In accordance with the terms of the Valuation Report, the Company's current dividend policy has been followed for the application of the dividend discount model ("**DDM**"). These dividends have been discounted considering the cost of own funds and perpetual growth in line with the long-term growth of inflation in Spain.

As a result of the valuation using the DDM, a value per share of between EUR 14.8 and EUR 16.1 is obtained.

The Board of Directors, based on the Valuation Report, has not considered this methodology to be appropriate because the remuneration for shareholders is established according to the Company's cash generation, and this does not correspond to the expected profitability or the value of its assets, but rather to the fact that it is based mainly on the dividends it receives from its investee companies and the rent from its real estate. Furthermore, the values derived from the application of this model would be significantly lower than what a shareholder can obtain on the market at current prices.

As a complement to the dividend discount model, the Valuation Report also analysed the discounted free cash flow generated by the Company.



*(iii) Discounted free cash flow*

The method of discounting free cash flow may be appropriate when the company being valued has a business model that allows the cash flows generated by the business in the coming years to be estimated with a certain degree of reasonableness, mainly including estimates of income, expenses, redemptions, investments and divestments, and changes in working capital, among other things, that are related to its activity.

However, the Board of Directors, based on the Valuation Report, considers that this methodology is also not suitable for the estimation of value since, as with the dividend discount methodology, the free cash flows generated by the Company give a significantly lower valuation than what a shareholder could obtain on the market at current prices.

*(iv) Sum-of-the-Parts*

The sum-of-the-parts methodology ("**SOTP**") indicates the fair value of the shares of a company as an aggregation of the different values of investments in investee companies and real estate owned, net financial position and other assets and liabilities, and adding those adjustments or items that, while not on the balance sheet, are necessary for the normal functioning of the Company, or have an impact on its fair value.

In particular, the SOTP method includes the result of assessing all the factors that affect the business of each investment and allows sensitivity analyses to be carried out on those variables that are considered necessary. This valuation method is applied in the case of going concerns, i.e. assuming the continuity of the Company's business and its investee companies on the basis of the current conditions and those arising from the future management of the same.

In this regard, the valuation of all types of investments of the Company (i.e. direct holdings in listed companies, minority holdings in unlisted companies and funds managed by third parties and real estate) amounts to EUR 4,969.9 and EUR 5,185.6 million. In determining this range, the Company's structure costs and future cost savings due to delisting, as well as net financial debt and other assets and liabilities as at 30 June 2024, have been taken into account, resulting in a value per share of between EUR 82.4 and EUR 86.0.

The Board of Directors, based on the Valuation Report, has considered the application of this method for the valuation of the Company to be the only appropriate method, as it best reflects the fair value of its shares as a sum of the different fair values of its investments, assets and liabilities, and because it is also the most widely accepted when it comes to assessing portfolio companies whose purpose is to invest in other companies and/or real estate assets.





For information purposes, the valuation ranges resulting from the different valuation methods established in Article 10.5 RD 1066/2007 referred to in the Valuation Report are set out in the following table:

<b>VALUATION METHOD</b>	<b>VALUATION RANGE PER SHARE (EUR)</b>
Dividend discount	14.8– 16.1
Weighted average price	49.9
Multiples of comparable companies	46.9– 50.1
Liquidation value	Lower than other appropriate and benchmark methods
Consideration offered in takeover bids in the preceding year	None
Net book value	78.7
Discounted free cash flow	Lower than other appropriate and benchmark methods
Sum-of-the-Parts	82.4– 86.0

Grant Thornton finds that the most appropriate valuation method for valuing the Company, in view of its nature, functioning and object, is the Sum-of-the-Parts analysis, as it best reflects the fair value of the Company's shares, as the sum of the different fair values of its investments, assets and liabilities, concluding on this basis that the valuation range of ALBA's shares is between EUR 82.4 and EUR 86.0 per share.

The Board of Directors of the Company concludes, in line with the analysis and reasons set out in the Valuation Report, that the SOTP analysis represents the most relevant and appropriate valuation method in view of the nature and characteristics of the Company as a holding company or investment firm, and therefore, in view of it, the reasonable valuation of the Company's shares ranges from EUR 82.4 to EUR 86.0 per share.

Consequently, the Board of Directors proposes eighty-four euros and twenty cents (€84.20) per share as the Takeover Bid price, which represents the midpoint of the above-mentioned range, on the understanding that such price complies with the provisions of Article 10.6 RD 1066/2007.

### **3. TERMS AND CONDITIONS OF THE TAKEOVER BID**

In accordance with the provisions of Article 10 of the RD 1066/2007, once the resolution to delist the Company's shares has been adopted by the Extraordinary General Shareholders' Meeting, the request for authorisation of the Takeover Bid, together with the prospectus and other documents required in accordance with the applicable regulations, will be submitted to the CNMV for examination and, if applicable, authorisation.



Specifically, in accordance with the provisions of Article 10 of the RD 1066/2007, the terms of the Takeover Bid that the Board of Directors proposes to the Extraordinary General Shareholders' Meeting are as follows:

### 3.1.1. Bidders

The Bidders will be the Company itself together with Mr Carlos March Delgado and Son Daviú, S.L.U., a company wholly controlled by the former.

### 3.1.2. Purpose

The purpose of the Takeover Bid is to delist all the Company's shares from the Madrid, Barcelona and Bilbao Securities Markets, which will take place on the settlement date of the Takeover Bid. This procedure will be carried out in compliance with the provisions of both Article 65 LMVSI and Article 10 of the RD 1066/2007.

### 3.1.3. Securities targeted by the Takeover Bid

The Takeover Bid is directed, in principle, at the entire share capital of ALBA, represented by 60,305,186 shares, each with a face value of one euro (€1), fully subscribed and paid in. However, the shares corresponding to Mr Carlos March Delgado, Son Daviú, S.L.U. and the rest of the shareholders who vote at the Extraordinary General Shareholders' Meeting in favour of the delisting and who, in addition, freeze their securities until the deadline for accepting the Takeover Bid referred to in Article 23 of the RD 1066/2007 has elapsed, will be excluded from the Takeover Bid.

In this regard, it is stated that, in addition to Mr Carlos March Delgado and Son Daviú, S.L.U., holders of 12,969,340 shares, representing 21.51% of the share capital, other shareholders of the Company who together hold a total of 43,992,266 shares, representing 72.95% of the Company's capital, have undertaken to vote at the Extraordinary General Shareholders' Meeting in favour of delisting and to freeze their shares until the end of the Takeover Bid acceptance period, undertaking therefore not to take part in the Takeover Bid and to keep their shares frozen until the acceptance period ends. Consequently, the Takeover Bid will effectively be directed at a maximum of 3,343,580 shares, representing 5.54% of the share capital, notwithstanding the possibility of other shareholders voting in favour of the delisting and also undertaking to freeze their shares, which will be reported in the Takeover Bid prospectus.

As regards the Takeover Bid acquisition structure, the shares included in the acceptances received will be distributed according to the following distribution rule:

- (i) first, Mr Carlos March Delgado and Son Daviú, S.L.U., a company



wholly controlled by the former, will acquire the shares representing up to a maximum of 1.50% of the share capital, in the order and proportion determined in accordance with the distribution rules specified in the request for authorisation of the Takeover Bid and in the corresponding Takeover Bid prospectus; and

- (ii) second, the remaining shares included in the acceptances of the Takeover Bid will be acquired by the Company.

The shares acquired by the Company in the context of the Takeover Bid will be allocated to the Company's treasury stock, and therefore they are not expected to be redeemed.

Since the Company has not issued subscription rights, obligations convertible into or exchangeable for shares, warrants, or any other securities, or instruments that grant the right, directly or indirectly, to subscribe or acquire shares in the Company, there are no ALBA securities other than its ordinary shares at which, in accordance with the applicable regulations, the Takeover Bid should be directed.

#### 3.1.4. Consideration

The Takeover Bid will take the form of a sale and purchase. The consideration will consist of a cash price per share and will be paid in cash at the time the operation is settled.

The price of the Takeover Bid is set at the amount of eighty-four euros and twenty cents (€84.20) per share. This price has been set in accordance with the criteria established in Articles 10.5 and 10.6 of the RD 1066/2007, as justified in this report, which is based on the Valuation Report prepared by Grant Thornton.

As from the moment the General Shareholders' Meeting is called, the Report and the Valuation Report will be made available to the shareholders and published on the Company's website continuously, together with the remaining Meeting documentation.

In order to ensure payment of the price of the shares they acquire in the context of the Takeover Bid, the Bidders, in accordance with the provisions of Article 15 of the RD 1066/2007, will obtain and submit the appropriate bank guarantees to the CNMV. It is hereby stated that, in the event a single guarantee is submitted to cover all the obligations that may result from the Bidders' Takeover Bid, Mr Carlos March Delgado and Son Daviú, S.L.U. will bear the proportional part of the guarantee costs corresponding to their respective payment obligations.

#### 3.1.5. Absence of conditions



The effectiveness of the Takeover Bid is not subject to any conditions whatsoever, notwithstanding the need to obtain the mandatory authorisation of the Takeover Bid from the CNMV.

### 3.1.6. Compulsory purchases

As this is a takeover bid made in part by the Company for its own shares in order to delist them, there will be no exercise of the compulsory purchase and sale rights established in Article 116 LMVSI and Article 47 of the RD 1066/2007.

In witness whereof, the Board of Directors of the Company issues this report, in Madrid on 12 December 2024.