

REPORT ISSUED BY THE BOARD OF DIRECTORS OF FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. DATED 26 APRIL 2022, IN ACCORDANCE WITH ARTICLES 286 AND 318 OF THE SPANISH CORPORATE ENTERPRISES ACT (LEY DE SOCIEDADES DE CAPITAL), SUPPORTING THE MOTION TO REDUCE CAPITAL STOCK REFERRED TO IN ITEM 5 OF THE AGENDA OF THE ANNUAL GENERAL MEETING DUE TO BE HELD ON 14 JUNE 2022, AT FIRST CALL, OR OTHERWISE ON 15 JUNE 2022, AT SECOND CALL.

1. Subject of the report

This report has been drawn up by the Board of Directors of Fomento de Construcciones y Contratas, S.A. ("**FCC**" or the "**Company**") in accordance with articles 286 and 318 of the consolidated text of the Corporate Enterprises Act, enacted by Royal Legislative Decree 1/2010 of 2 July (the "**Corporate Enterprises Act**"), in relation to the motion submitted for approval by shareholders at the Annual General Shareholders of FCC under agenda item 5, to reduce the share capital of the Company by a maximum nominal amount of 1,700,000 euros, through the redemption of up to 1,700,000 treasury shares, each having a par value of 1 euro, and the consequent amendment of Article 5 of the Articles of Association.

Capital shall be reduced through the redemption of the treasury shares that have been acquired by FCC under the own share buyback programme (the "**Programme**") that was implemented in the form of a resolution passed by the Board of Directors of the Company on 27 July 2021, in accordance with Regulation (EU) 596/2014 of the Parliament and of the Council of 16 April 2014 on market abuse (Market Abuse Regulation) and Commission Delegated Regulation (EU) 2016/1052 of 8 March 2016, and published on the following date on the website of the Spanish National Securities Market Commission ("**CNMV**") and on the website of the Company via the corresponding market disclosure. For more information on the Programme, see section 4 below.

The motion to reduce capital submitted for the approval of shareholders at the General Meeting would empower the Board of Directors of FCC to effect the reduction in whole or in part from the time the resolution to reduce capital is passed until the date of the next Annual General Meeting, or not to carry it out at all even if the Programme has not expired, all the foregoing in accordance with the provisions of applicable legislation and regulations.

2. Applicable law and regulations

Article 286 of the Corporate Enterprises Act establishes, as a requirement for the amendment of the Articles of Association, that the directors draw up a written report justifying the proposal. Meanwhile, Article 318 of the Corporate Enterprises Act states that the reduction of share capital must be agreed upon at the general meeting subject to the requirements relating to the amendment of the articles of association. Further, the resolution passed by the general meeting must state, as a minimum, the amount of the capital reduction, the purpose of the reduction and the procedure whereby the company shall carry it out, as well as the deadline or expiry date and the amount to be paid, if applicable, to the shareholders or owners.

The Board of Directors of FCC hereby issues this report, given that the capital reduction must be agreed upon subject to the requirement that the relevant provisions of the Articles of Association governing capital stock be amended accordingly.

3. Description of the proposal

It is proposed to the Annual General Meeting of FCC to approve the reduction of the Company's share capital by a maximum nominal amount of up to 1,700,000 euros, through the redemption of up to 1,700,000 treasury shares acquired by FCC under the Programme, all in accordance with the provisions of applicable law and regulations.

The capital reduction does not entail the return of contributions to the shareholders, as it is the Company that owns the shares to be redeemed. The capital reduction will be charged to freely distributable reserves by means of the allocation of a restricted reserve for redeemed capital for an amount equal to the nominal value of the redeemed shares. This reserve may only be drawn down subject to the same requirements as those required for the reduction of capital stock, in accordance with Article 335. c) of the Corporate Enterprises Act.

It is also proposed to vest powers in the Board of Directors, in the broadest terms, without powers of sub-delegation, to effect all or part of the capital reduction within the established execution period, or not to carry it out at all if the Programme has not ended by the time the next Annual General Meeting of the Company is held. The Board of Directors may likewise set the terms and conditions of the reduction in relation to any matters that are not envisaged in the proposed resolution.

4. Justification for the proposal

FCC's priority objective is the creation of value for shareholders. It therefore analyses all options available at any given time in response to the prevailing circumstances.

The actions to have been identified include the possibility of implementing a shareholder remuneration formula – complementary to traditional cash payouts – through the implementation of a share buyback programme for the subsequent redemption of treasury shares.

As previously indicated, the Company's Board of Directors agreed, at a meeting held on 27 July 2021, to set up the Programme in order to reduce share capital by redeeming the treasury shares acquired under the Programme. At the same time, the purpose of this capital reduction is to contribute to FCC's shareholder remuneration by increasing earnings per share.

To ensure that the Programme achieves its purpose (capital reduction through the redemption of treasury shares), to the extent that the Programme is expected to run until 30 June 2022 following the extensions agreed by the Board of Directors at its meetings held on 22 September 2021 and 23 February 2022, which were also the subject of the corresponding disclosures to the market, a resolution is required to redeem the treasury shares acquired. It is therefore now necessary for the General Meeting of Shareholders to pass this resolution to reduce capital.

This resolution envisions a reduction in capital stock through the redemption of the treasury stock that has been acquired by the Company under the Programme, so as to enable the full and timely execution of the Programme. The Board of Directors is authorised to fully or partially effect the capital reduction within the established execution period, with authority also to set the terms and conditions of the reduction in relation to any matters that have not been provided for in the motion.

The justification for this motion is that the Company needs to have all the necessary mechanisms in place to fully implement the Programme and fulfil its purpose, which is to redeem the treasury shares acquired under the Programme through the corresponding reduction of share capital, all in an agile and flexible manner and without the need to call and hold an additional General Shareholders' Meeting. Note that this authorisation shall invariably respect the limits, terms and conditions set out in the Corporate Enterprises Act and those specified in the corresponding motion. If the resolution to reduce capital discussed in this report is ultimately implemented, the relevant provisions of the Articles of Association relating to share capital and shares (Article 5) will be amended to reflect the new capital figure and the new number of shares outstanding.

5. Suppression of the right of creditors to object

The capital reduction will be charged to freely distributable reserves by allocating a reserve for redeemed capital for an amount equal to the nominal value of the redeemed shares. Use of this reserve will be subject to the same requirements as those for the reduction of capital stock, in accordance with Article 335 c) of the Corporate Enterprises Act. Therefore, the Company's creditors will not have the right to object provided for in Article 334 of the Corporate Enterprises Act.

For the purposes of Article 411.1 of the Corporate Enterprises Act, it is hereby stated for the record that the consent of bondholders will not be required as there are no outstanding issues of Company bonds.

6. Motion

The full text of the motion submitted for the approval of the General Meeting of Shareholders under agenda item 5 is as follows:

“Reduction of capital stock through the redemption of treasury stock acquired for this purpose through the share buyback programme.”

The following is proposed: “Reduce the capital stock of Fomento de Construcciones y Contratas, S.A. (“**FCC**” or the “Company”) by a maximum nominal amount of €1,700,000, through the redemption of up to 1,700,000 treasury shares with a par value of 1 euro (representing approximately 0.3998% of the Company's current capital stock).

The capital stock will be reduced through the redemption of the treasury shares that have been acquired by FCC under the treasury share buyback programme (the “**Programme**”) that was established by resolution of the Board of Directors of the Company dated 27 July 2021, in accordance with Regulation (EU) 596/2014 of the Parliament and of the Council of 16 April 2014 on market abuse (Market Abuse Regulation) and with Delegated Regulation (EU) 2016/1052 of the Committee of 8 March 2016. In this regard, the purpose of the Programme is the reduction of capital through the redemption of own shares acquired under the Programme.

The final amount of the capital reduction will be set by the Board of Directors, within the maximum limit indicated above, depending on the final number of shares to be acquired under the Programme in accordance with the delegation of powers approved below.

Time limit for the implementation of the reduction of the capital stock

The term of execution of this resolution shall be until the date of the next Annual General Meeting, and it shall cease to have effect as from that date.

Purpose and procedure for the reduction of capital and reserves against which it is made.

The capital reduction does not entail the return of contributions to the shareholders, as the Company itself is the owner of the shares to be redeemed, and will be charged to freely distributable reserves by means of the allocation of a restricted reserve for redeemed capital for an amount equal to the par value of the redeemed shares, which may only be drawn down subject to the same requirements as those required for the reduction of capital stock, in application of the provisions of article 335. c) of the Corporate Enterprises Act, so that the Company's creditors will not have the right of objection referred to in article 334 of the Corporate Enterprises Act.

Delegation of powers

Notwithstanding the specific powers set out above, it is resolved to empower the Board of Directors, to the fullest extent required by law, without powers of substitution, to execute all or part of the reduction of the capital stock within the established period of execution and in the manner it deems most appropriate, and, in particular and without limitation:

- Specify and implement this resolution, setting the terms and conditions of the capital reduction in all matters not provided for, in particular, without being comprehensive, to establish the date on which the resolution to reduce the capital stock adopted must be carried into effect, in any event, before the holding of the next Ordinary General Shareholders Meeting of the Company.
- Set the number of shares to be redeemed, and may agree to execute all or part of the resolution based on the treasury shares acquired under the Programme, and even not to execute it in the event that the Programme has not expired before the next Ordinary General Shareholders Meeting of the Company is held, informing the Company of such decision in all cases.

Furthermore, notwithstanding the specific powers set out above, it is resolved to empower the Board of Directors, to the fullest extent required by law and with express powers of substitution in the Executive Committee, the director or directors it deems appropriate, so that any of them, jointly and severally and without distinction, may carry out such acts as may be appropriate for the execution and successful completion of these resolutions adopted, and in particular, by way of indication and not limitation, to:

- Declare the execution of the capital reduction finally agreed to be completed, setting, where appropriate, the definitive number of shares to be redeemed and, therefore, the amount by which the Company's capital stock must be reduced, in accordance with the limits established in this resolution.
- Take any actions or steps and make any announcements that may be necessary or advisable in relation to the public announcement of the capital reduction (including any announcements that may be necessary or advisable), and any actions that may be required to be taken, where appropriate, before the National Securities Market Committee (CNMV), the Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal (Iberclear), the Spanish

stock exchanges and/or the regulators and governing bodies of the markets on which the Company's shares are admitted to trading.

- Reword Article 5 of the Articles of Association to reflect the new capital stock and the number of shares outstanding following the implementation of the approved capital reduction.
- Negotiate, agree and sign all such public and/or private documents as may be necessary or advisable for the successful completion of the capital reduction, including, without limitation, such acts, legal transactions, contracts, declarations and operations as may be necessary.
- Take all such steps and actions as may be necessary or advisable, and file such documents as may be necessary with the competent bodies, so that, once the corresponding redemption of the Company's shares has taken place and the corresponding deed of capital reduction has been executed and registered with the Companies Registry, the redeemed shares are delisted from trading on the Spanish Stock Exchanges and/or on the markets on which the Company's shares are admitted, and the corresponding accounting records are cancelled and the treasury shares are effectively redeemed.
- Engage in such actions as may be necessary or advisable before any public or private, Spanish or foreign, entities and bodies to obtain the consents and authorisations required for the effectiveness of the foregoing resolutions and to execute and formalise the capital reduction, including the declaration, supplementation or correction of defects or omissions that may impede or hinder the full effectiveness of the resolutions."

26 April 2022